

Fed Is Ready to Rescue Tokyo Banks in a Crisis

Deep Concern Over Liquidity

By Keith Bradsher
New York Times Service

WASHINGTON — Worried about the financial health of Japanese banks, the Federal Reserve Board has arranged with Japanese financial authorities that the Fed will provide billions of dollars almost instantly in exchange for Treasury bonds and bills in case of a sudden cash crisis, according to government officials.

While the U.S. central bank has responded to shortages of credit in the past by buying huge sums in Treasury securities — notably during the stock market collapse of 1929 — the new agreement appears to be the first time in memory that the Fed has sought in advance to guard against a possible crisis in this way.

The move appears to reflect the deep concern among American financial officials about the potential for trouble among Japanese financial institutions, many of which are far larger than the biggest banks in the United States. The arrangement with Japan would give American regulators a presumably risk-free way of dampening the shock waves from any possible Japanese liquidity crisis.

In such a crisis, one or more Japanese banks with more assets than liabilities might nonetheless find themselves suddenly unable to raise enough ready cash to meet a debt that was due immediately. In the worst case, that could potentially set off a chain reaction of defaults affecting banks around the world.

In Tokyo, bankers said Tuesday that the U.S. plan eased their worries over a potentially perilous lack of liquidity, though they noted that Japan's underlying financial problems remain a long-term challenge. In

See FED, Page 8

Barings Erred, Singapore Says

By Michael Richardson
International Herald Tribune

SINGAPORE — The British merchant bank Barings could have been saved earlier this year if senior management as late as January — less than a month before the bank collapsed — had heeded a number of obvious warnings, a report by Singapore inspectors from Price Waterhouse accountants said Tuesday.

The inspectors castigated Barings' top managers and obliquely criticized the Bank of England for lack of effective supervision, but offered only a mild rebuke to Simex, the Singapore International Monetary Exchange.

Reacting to the report, Singapore officials indicated that further criminal charges might follow based on its findings.

The report said the fact that the managers in London and Singapore claimed to be unaware of an account set up two and half years earlier by Nick Leeson, the bank's chief trader in Singapore, "gives rise to a strong inference that key individuals of the Barings Group's management were grossly negligent, or wilfully blind and reckless to the truth," the inspectors said.

Mr. Leeson, who is in prison in Germany awaiting possible extradition to Singapore on charges of forgery and fraud, allegedly used the account, known as 88888, to hide the extent of his trading losses and artificially generate profits. Barings collapsed afterwards with losses of 2.2 billion Singapore dollars (\$1.5 billion).

The report said that in January, Peter Norris, Barings' chief executive officer, "assisted by" James Bax, managing director of Barings Futures (Singapore) Pte., sought to conceal an unauthorized transac-

See BARINGS, Page 8



Rescue workers evacuating one of the 29 people wounded in the Tuesday blast.

Chirac Holds Firm On Algerian Policy Despite Bomb Attack

Latest Train Explosion Wounds 29; Leaders to Go Ahead With Meeting

By Barry James
International Herald Tribune

PARIS — President Jacques Chirac, refusing to yield to terrorist pressure after a bomb wounded 29 people Tuesday on an underground train in Paris, is going ahead with his plan to meet his Algerian counterpart in New York this weekend.

The bomb ripped through a rush-hour suburban train five days after a publication close to the Armed Islamic Group in Algeria said France was committing "suicide" by becoming involved in the "shifting sands" of the Algerian civil war. The group, known by its French initials GIA, has been linked to seven attacks since July that have wounded about 160 people.

Prime Minister Alain Juppé said France would not be deflected from its policy of trying to bring together the warring sides in Algeria.

Although Algerian fundamentalists consider the New York meeting an expression of support for the Algerian regime, Mr. Juppé said that France had no desire to become involved in the affairs of its former territory.

Mr. Juppé said Mr. Chirac would meet President Liamine Zerrouk on Oct. 22, at the Algerian's request, and would tell him, "Dialogue, common sense and democracy must triumph over criminal folly."

"France will not capitulate to barbarism," Mr. Juppé said.

The bomb Tuesday went off shortly after 7 A.M. in a train that had entered Paris from the west. Two of the five seriously wounded passengers were listed in critical condition after shrapnel severed limbs.

The blast occurred while the train was in a tunnel between the stops at the Orsay Museum and Place St. Michel. A similar explosion July 25 at the St. Michel station killed seven passengers and wounded 84.

As in other attacks, the terrorists packed a camping-gas canister with explosives and steel bolts.

The bomb was lodged under a seat and went off with a roar that jolted the entire train and ripped apart the second car.

"There was a huge explosion," a passenger said. "The train stopped, and the engineer told us, 'Don't move.' We were engulfed in smoke. After a few seconds, we heard the first cries from the wounded."

Passengers sat in darkness amid smoke and the smell of gunpowder for several minutes until rescue workers led them back 600 meters to the nearest station. Two hun-

dred firemen, mobile surgical units, hundreds of police and helicopters responded. Doctors set up field units in an underground station and in the hall of the Orsay Museum to prepare the seriously wounded victims for transport to the hospital.

With Algerian elections a month off, French authorities are braced for further terrorist incidents. The government launched a major anti-terrorist operation last month, bringing in thousands of troops to support the police, stepping up identity checks and reimposing border controls.

The mayor of Paris, Jean Tiberi, said he did not see what more could be done, and the president of the state railroads, Jean Bergougnoux, said it was impossible to check the bags of the more than 2 million passengers who travel into Paris by train every day. He urged passengers to be vigilant and report any suspicious behavior or objects to the authorities.

Mr. Juppé praised the "sangfroid" of the public in the face of attacks aimed at "the heart of the French nation." He also paid tribute to what he called the dignified reaction of the Islamic community to the crisis.

Mr. Chirac said in Madrid last week that he would seek to oust General Zerrouk toward "real democracy" by opening a dialogue with the Islamic and secular opposition parties that are boycotting the Nov. 16 election. The planned meeting will be the first of its kind since the military-backed Algerian government annulled the result of elections three years ago after a victory by the fundamentalist Islamic Salvation Front.

The Front has condemned what it calls France's support for the Algerian government but has publicly renounced the terrorist attacks and said it had no wish to extend the Algerian conflict to French territory.

But the more radical Armed Islamic Group warned in a statement faxed to news agencies in Cairo this month that France could expect "military strikes in the heart of its big cities" and would have no respite until Islam had triumphed. The group had earlier demanded that Mr. Chirac convert to Islam.

A clandestine bulletin, El Ansar, which is close to the group, warned last week of new attacks in French cities and published a picture of the Eiffel Tower exploding into fragments.

The bombing Tuesday reinforced the suspicions of police that several terrorist cells are operating in France, although the method used has been identical in all the attacks.

Several suspects, most of them Algerian immigrants, had been detained for questioning following the earlier attacks. On Tuesday, police were seeking three men seen speeding away in a dark sedan after the bombing.

Hamas Poised To Renounce Terror Attacks

By Barton Gellman
Washington Post Service

GAZA CITY — Hamas, the leading Palestinian voice of unyielding war with Israel, is poised to suspend its "military operations" and field candidates for election to a new legislature created by agreement with the Jewish state, according to senior Hamas leaders and a draft agreement with Yasser Arafat.

The mere contemplation of such an accord — albeit not with Israel but with Mr.

Israel criticizes Syria and Iran for its support of terrorists in Lebanon. Page 2.

Arafat's Palestinian Authority — marks a stunning turnaround for the Islamic Resistance Movement.

Hamas has stood foursquare against the peace deal with Israel and used suicide bombings to make good on a charter describing "every inch of Palestine" as its indivisible goal and "death for the sake of God" its most coveted desire.

The shift, expressed in interviews with senior Hamas leaders here and in the text of a draft accord with Mr. Arafat, reflects the Islamic movement's profound loss of strength in the past six months.

A crackdown by Mr. Arafat and a sharp decline in street support have left Hamas with many of its local leaders dead or jailed, its newspaper closed and its mosque preachers submitting sermons to police censorship.

According to an opinion poll released last week, 11 percent of the Palestinian public supports Hamas — down from nearly 40 percent in less formal surveys two years ago and from 18 percent from the same pollster, the Jerusalem Media and Communication Center, in June.

Many Hamas leaders, according to Pal-

See HAMAS, Page 8

Europe's Court Strikes Down Hiring Quota for Women

By Tom Buerkle
International Herald Tribune

BRUSSELS — In a landmark decision against affirmative action quotas, the European Court of Justice on Tuesday struck down a German law that favors hiring or promoting women in areas where they make up less than half the work force.

The Luxembourg-based court ruled that the German state of Bremen overstepped European legislation on equal opportunity by seeking to guarantee equal results between women and men in the job market.

The decision appeared to outlaw the use of quotas in affirmative action legislation in the 15 nations of the European Union, officials and legal experts said.

"National rules that guarantee women absolute and unconditional priority for appointment or promotion go beyond promoting equal opportunities," the court said in its decision.

Senior officials of the European Parliament and the European Commission criticized the decision and said they would consider amending the 1976 EU equal op-

portunity directive to restore positive discrimination in favor of women.

"The judges are out of touch with reality for working women in Europe," said Pauline Green, leader of the Socialist Group, the biggest party bloc in the European Parliament.

"Today's ruling has damaged positive action for women," said Barbara Nolan, a spokeswoman for Employment Commissioner Padraig Flynn. She said the ruling would have a significant impact across Europe, particularly in countries like Austria, Denmark, Sweden, Finland, Italy and

the Netherlands that mandate various types of positive discrimination.

But officials conceded that any change in EU law was fraught with difficulty. An amendment must have unanimous support from all 15 EU members, but Britain, at least, rejects quotas. "The difficulty with new legislation is that you may end up with a weaker situation," a Parliament official said.

A spokeswoman for Britain's Department of Education and Employment hailed the ruling as in line with U.K. policy

See COURT, Page 8

Jewish Leaders Repudiate Overture by Farrakhan

By Brian Knowlton
International Herald Tribune

WASHINGTON — As many blacks went home from the "Million Man March" here with new enthusiasm for confronting the problems facing their communities, the gathering quickly opened a partisan political debate Tuesday and did nothing to ease the raw relations between the militant black leader Louis Farrakhan and the nation's Jewish leaders.

Entering a fray defined by an inflammable mixture of race, religion and politics, at least two Republican presidential candidates took President Bill Clinton to task for not denouncing Mr. Farrakhan, the leader of the Nation of Islam who organized the rally, in more direct terms.

Jewish leaders expressed on such concern about Mr. Clinton's remarks in a speech at the University of Texas at Austin, in which he asked Americans to fight against the country's racial divisions. But they unanimously rejected Mr. Farrakhan's offer, made at what was the largest civil rights rally in U.S. history, to meet with them in a bid at conciliation.

"Because Farrakhan's message yesterday was packaged in a context of sweetness and light," Rabbi Paul Menikoff of the Central Conference of American Rabbis said in a telephone interview, "I'm concerned that people are going to assume that we have a new Farrakhan. But he's still spewing anti-Semitism."

The rally, which the U.S. Park Service said drew 400,000 men, appeared likely to help propel Mr. Farrakhan from his role

on the fringes of black leadership to a position somewhat nearer the mainstream, some analysts said Tuesday.

On the political front, two Republicans jumped into the issue. Bob Dole, the Senate majority leader and a candidate for president, said that Mr. Farrakhan's ideology was a matter of serious concern. Referring to President Clinton's speech in Texas while the Washington rally was under way, he said he was "shocked and dismayed" that Mr. Clinton "did not find the moral courage to denounce Louis Farrakhan by name."

Another Republican candidate, Lamar Alexander, the former governor of Tennessee, said, "Louis Farrakhan preaches racism and anti-Semitism. President Clinton should have the courage to condemn him by name."

Their comments drew fire from one political commentator, David S. Broder of The Washington Post. For Republican candidates to react that way to what was probably the president's most serious address on race, he said Tuesday on CNN, was "such an abdication of their own leadership it's stunning."

Two other contenders for the Republican nomination, Patrick Buchanan and Senator Phil Gramm of Texas, assailed

See MARCH, Page 7



Mr. Christopher testifying Tuesday with Secretary of Defense William J. Perry and the Joint Chiefs of Staff chairman, General John Shalikashvili.

Microsoft Profit Soars

Microsoft Corp. said Tuesday its net profit rose 58 percent in its first financial quarter, to \$499 million, helped by strong sales of its new Windows 95 operating system. Microsoft's revenue rose in the quarter to \$2.02 billion from \$1.25 billion a year ago. But the company warned that sales might not be able to match that pace in the coming quarter as sales of Windows 95 stabilize. (Page 19)

Dow Jones		Trib Index	
Up	7.23	Up	0.41%
4791.61		125.86	
The Dollar		Time close	
DM	1.4143	1.424	
Pound	1.5735	1.574	
Yen	100.435	100.625	
FF	4.962	4.9665	

Next Stop on the Patriots' Tour: A Missile Silo Museum

By James Brooke
New York Times Service

WALL, South Dakota — For 30 years the unmarked chain-link fence on Dale Keyser's dry pasture land enclosed a 36-ton missile that could fly over the North Pole and carbonize a Russian city in less than 30 minutes.

Now, in an era of disarmament, Mr. Keyser calculates that the same security fence designed to foil Soviet saboteurs should also be able to stop South Dakota deer and antelope.

"It's right by my bayfields — it'll be easy to use as a bay corral," Mr. Keyser, 76, a farmer, said of his recently deactivated Minuteman-2 missile site. "Other ranchers may find it handy to use theirs as a cattle corral."

In a coda to the Cold War, demolition crews contracted by the U.S. Air Force methodically moved across this

landscape of grasslands and gullies last summer, destroying empty underground missile silos.

Because of the arms reduction treaty signed by President George Bush in 1992, all 150 Minuteman missiles in South Dakota have been removed from the silos, which are about 80 feet (24 meters) deep. The missiles have been dismantled for recycling or saved in warehouses. The 1.5 megaton warheads have been sent to Texas for disassembly.

"If you don't have the gun, the bullet is not much use," said Tim Pavik, a civilian engineer who directs the silo destruction program from Ellsworth Air Force Base in Rapid City, 30 miles west of this town of 834 people in southwest-central South Dakota.

With the air force paying \$185,000 to destroy each silo, Gene S. Williams, president of the Missile Area Landowners Association, believes the federal government is "pouring more good money down the hole."

"It seems like an awful lot of dollars to destroy something that, given the way the world works, they may be building five to 10 years from now somewhere else," Mr. Williams said.

Major Joseph Mecadon, public relations officer at Ellsworth, mourns the lack of public interest in the deactivation program.

"We're taking a step back from the nuclear abyss — nobody knows, nobody cares," he said, recalling that disarmament demonstrations were regular events at South Dakota silos in the late 1980s.

Although few ranchers will admit to missing their missiles, a bit of ICBM nostalgia is sweeping this corner of the High Plains. And for a rural town like Wall, the end of the arms race means bad roads and higher electricity rates. Scattered over a thinly populated area, the Minut-

See SILOS, Page 8

Newsstand Prices	
Andorra	10.00 FF
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Egypt	E.P. 5000
France	10.00 FF
Gabon	1.100 CFA
Greece	350 Dr
Italy	2.800 Lire
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Jordan	1.250 JD
Lebanon	USS 150
Luxembourg	65 L Fr
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Qatar	1.000 Rial
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Spain	225 PTAS
Tunisia	1.250 Din
Turkey	1.55.000
U.A.E.	10.00 Dirh
U.S. Mil. (Eur.)	\$1.20

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An Extraordinary Departure / Murders and Kidnappings

In Honduras, Prosecutors Take On the Military

By Douglas Farah
Washington Post Service

TEGUCIGALPA, Honduras — Milton Jiménez remembers the day in 1982 when he and five other students were arrested, taken to a clandestine prison outside the capital, threatened with death, submerged in water and kept from breathing beneath a rubber hood. But he never thought there would be a day of reckoning for his captors.

Last July, however, a civilian prosecutor took the unprecedented step of indicting eight Honduran Army officers and two enlisted men in connection with Mr. Jiménez's ordeal. All 10 either belonged to or provided intelligence to Battalion 316, a CIA-trained intelligence unit accused of scores of murders and kidnappings. The prosecutor formally charged them with kidnapping and called on Mr. Jiménez and other survivors to testify.

The prosecutor's move marked an extraordinary departure from the general Latin American rule of military impunity. As a result, it set off a political earthquake here, where the military traditionally has regarded itself as the ultimate font of power.

The case has also sparked a re-examination of the role that the United States and its Central Intelligence Agency played during a time of human rights abuses by some in the Honduran military — which was a key U.S. ally in making Honduras a springboard for the U.S.-sponsored "contra" war against the Marxist Sandinista government in neighboring Nicaragua. But the question now is whether anything will come of the indictment.

In a rare display of defiance, judicial authorities vow that the process will go forward in the courts. But the Honduran military, whose power has long outstripped that of the civilian government, has balked at even having its men testify. It has made threatening gestures — including a drive-by of tanks in downtown Tegucigalpa — against continuing the judicial process, while the armed forces commander, General Luis Alonso Discua, has made it clear that as far as he is concerned, the 10 defendants are not guilty of anything.

Early signs are that the military, as usual, will get its way. The office of Judge Roy Medina, who is leading the judicial inquiry, has been shot at, and the judge has received a stream of death threats. So he has declined to issue arrest warrants for the men despite the prosecutor's request to do so. Instead, he has asked them only to answer questions.

The defense lawyer, Carlos López, said Tuesday that his 10 clients refuse to appear before a judge to respond to the charges, citing a 1991 amnesty. Judge Medina responded that they "must appear" for questioning. So far they have not.

Numerous Latin American nations have tried and failed to mete out justice for human rights abuses carried out by the state during the ideological wars of the past. In every case, investigations have been accompanied by broad amnesties. Mr. López, the defense lawyer, said of his clients, "It does not matter whether they are innocent or guilty. They have amnesty."

But the indictments here are the latest in a series of small but significant challenges to the military by the civilian government of President



General Luis Alonso Discua says the accused soldiers "are absolved of any guilt."

Carlos Reina, who took office 20 months ago. He has moved to abolish the draft and to shift the police from military to civilian control.

President Reina declined to be interviewed on these issues. His spokesman said any interview request must be submitted a month in advance along with written questions.

One issue facing him and his country is what can be done now.

General Discua called a press conference on Aug. 2, shortly after the indictments, to say the military men "have my support and solidarity as well as the support and solidarity" of the entire military institution. In an interview, General Discua said the men were

covered by the 1991 amnesty and "in reality, these 10 are absolved of any guilt."

General Discua, who was trained in intelligence operations by the United States, was the commander of Battalion 316 for several months in 1984.

"We have seen how these cases have recently been stirred up again, and we understand that is more a matter of policies from outside the country than inside," he said.

"It is the work of some groups that were, one way or another, involved here in the decade of the 1980s, where the East-West conflict was very much a part of Central America. The impact of that conflict led Honduras to

be involved in this type of situation."

Unlike neighboring Nicaragua and El Salvador, Honduras never was a battleground in those wars. But the nation, with a per capita income of \$340 a year, became a central operating area for U.S. military and CIA efforts to topple the Sandinistas in Nicaragua and to defeat the leftist insurgency in El Salvador. In Nicaragua and El Salvador, tens of thousands of civilians were tortured and killed by government forces. Here the Committee of Relatives of the Detained and Disappeared of Honduras documented 184 disappearances in the 1980s.

Throughout the 1980s there were numerous reports that the CIA and State Department were aware of Honduran military tactics of forced disappearances and torture of suspected leftists. But in December 1993, Leo Valladares, the national human rights commissioner, went further. He issued an unprecedented report accusing the Honduran military of responsibility in the murders, including accounts by brigade members who said they saw a CIA presence during some interrogations.

The report, entitled "The Facts Speak for Themselves," documented 14 "illustrative cases" of how Battalion 316 tortured and killed prisoners.

On Aug. 2, Mr. Valladares requested that the Clinton administration declassify information on six cases, as well as any information on Battalion 316, and on a list of officers who were involved with the unit. The next day, tanks rumbled through the streets of the capital in a move that many civilians interpreted as a show of force.

General Discua later said the army was merely warming up the engines in preparation for a military parade.

It is possible to prosecute the Jiménez case because the victims survived to tell what happened. Mr. Jiménez said he and the five other student activists were abducted from a small downtown apartment at about 5 A.M. on April 27, 1982, by 15 armed men dressed in civilian clothes, and were only spared because two daughters of a government official were among those seized.

The official came out to protest and was also arrested. However, he was freed when his identity was established, and he spearheaded a drive to free his daughters, who were taken first to a police station, then to a clandestine jail.

The six, Mr. Jiménez said, were taken to a country house owned by Colonel Amílcar Zelaya, identified by several witnesses as a large clandestine prison where prisoners were routinely tortured and killed.

There, he said, they were beaten, had rubber hoods placed over their heads until they nearly suffocated and were told repeatedly they would be killed if they did not talk. Then the order came to free the students.

"There should be an arrest order," one prosecutor said, "because the abduction took place and there were lots of witnesses."

COMING UP

Almost 28 years after taking power, President Suharto has left succession in Indonesia unresolved. Instead, he is talking about leading his nation into the next century.

Israel Condemns Iran and Syria
It Says They Encourage Guerrillas in LebanonBy Serge Schmemmann
New York Times Service

JERUSALEM — The government of Israel assailed Syria and Iran on Tuesday for their support of Hezbollah guerrillas in southern Lebanon who have killed nine Israeli soldiers in the last week.

But there were no indications that Israel would launch a major retaliatory attack.

Even as families buried the six soldiers killed in an attack Sunday, some people here questioned whether the Israel needed to maintain the costly buffer zone inside Lebanon that it established 10 years ago to stop Palestinian attacks.

"The cabinet condemns the government of Iran, which directly aids the Hezbollah terrorists, and denounces the government of Syria, which, although it is capable of doing so, does not prevent but rather gives backing to the terrorist activity of this organization," the government of Prime Minister Yitzhak Rabin said in a statement.

The statement reflected Israel's belief that Iran is the main backer of the Shiite fundamentalist Hezbollah, or Party of God, movement in Lebanon, and its conviction that Syria could rein in the guerrillas if it wanted to. Syria intervened to halt the Lebanese civil war in 1975 and maintains the peace with a force of 35,000 soldiers.

Syria and Lebanon are also the last of Israel's neighbors not to have made peace with the Jewish state, and efforts by the United States to set up negotiations over the past year have stalled.

"Syria apparently thinks that by encouraging terror attacks, we'll be pressured in all that relates to peace negotiations with it," Mr. Rabin said on Israel Radio. "It makes a grave mistake."

The cabinet also said that the Israeli Army and the Arab militia it maintains in southern Lebanon had the "freedom of action necessary for the struggle against Hezbollah."

Lebanon has placed its army on full alert against the possibility of retaliation, and Israel canceled all leaves in the buffer zone. But the government made no threat of retaliation, and Israeli cabinet ministers downplayed the chance of such an attack, especially since it would probably provoke Hezbollah to fire rockets into northern Israel, as it has before in response to Israeli offensives.

The measured response also reflected a recognition by the government that the deaths did not necessarily reflect an escalation of Hezbollah activity, but rather a nasty turn of fate that led two Israeli vehicles to hit mines within three days.

After Israel withdrew from Lebanon in 1985, it set up a 13-kilometer wide "security zone" along the length of the border to protect its settlements in northern Galilee.

In the past year, the army shifted its tactics in the zone from an emphasis on observation posts, which were vulnerable to guerrilla attacks, to small-scale patrols and strikes.

But that made the Israelis vulnerable to the sort of land mines and remotely detonated explosives that blew up two patrols over the past week.

TRAVEL UPDATE

Italy and Air Controllers in Accord

ROME (Reuters) — The government said it reached agreement with air traffic controllers Tuesday to end a work action that has snarled air travel in Italy for more than a month.

"We now have the conditions for a positive turnaround in a sector of fundamental importance," the government said in a statement following a meeting between union leaders and the ministers of transportation and labor. The controllers have been working to rule, periodically snarling air traffic over Italy. Poor weather in the north and maintenance work in Rome further disrupted flights in the last few days. Alitalia said it had canceled 60 flights on Tuesday.

Under the accord, controllers will change the structure of their organization to gain more flexibility. The government has promised to study staffing levels and invest in new technology.

Tourists Safe, Mubarak Declares

CAIRO (AP) — Dismissing threats by militants, President Hosni Mubarak on Tuesday called Egypt a "secure country" for the millions of tourists who visit each year. Attacks by militants in the south and the repercussions of the 1991 Gulf War scared off tourists for several years. The government says tourism is rebounding, with the number of visitors surpassing the record of 3 million set in 1990.

"Egypt is a unique touristic resort and no power on this earth will be able to disrupt this secure country and its generous people who protect and care for the rights of all tourists," Mr. Mubarak said in a nationally televised speech at a tourism conference.

Burma Seeks to Reassure Visitors

SINGAPORE (AFP) — Burmese officials called here Monday for more foreign investment in the country's growing tourism industry and criticized the international press for allegedly scaring away business people and travelers.

"It is absolutely safe and enjoyable to travel in Myanmar and we invite everyone to come and see it," said Brigadier General Tin Aye, deputy minister of hotels and tourism in Burma's military government, at a seminar aimed at generating greater investment in hotels, transportation and public works projects.

Twenty-five Skye islanders protesting the highest bridge tolls in Europe were arrested when they blockaded the newly opened bridge linking Skye to the Scottish mainland. (Reuters)

The first section of Sofia's subway began running Tuesday on a trial basis, the BTA news agency said. (AFP)

A German Far-Rightist Shakes Up Latvian Democracy

By Stephen Kinzer
New York Times Service

RIGA, Latvia — A failed German politician and organizer for far-right causes has emerged as a major force in Latvia, even though he became a citizen just three years ago, speaks no Latvian and is facing a prison term at home for inciting racial hatred.

The stunning success of Joachim Siegerist in parliamentary elections two weeks ago has put him in a strong position as talks begin on forming a new government. Even if he does not become part of the government, he will probably influence its course.

In an attempt to calm fears that Mr. Siegerist's triumph endangers progress toward democracy, President Guntis Ulmanis announced last week that Latvia was applying for membership in the European Union. It is the first Baltic state to file a formal application. "This document is our answer to doubts which have been expressed outside the borders of our country," he said.

The uncertainty into which Latvia has been thrown comes as neighboring Baltic states are showing signs of turmoil. Estonia's government collapsed Wednesday, and opposition parties in Lithuania's Parliament have begun proceedings

for a vote aimed at bringing down the government.

In the voting for Parliament Sept. 30 and Oct. 1, Mr. Siegerist's party, For Latvia, won 15 percent of the vote, twice what pre-election polls predicted. That put it in second place, barely behind the center-left Democratic Party, which captured 15.3 percent.

With the exhilaration that accompanied independence from the Soviet Union now faded, Latvians are more concerned with the hardships of life. Political scandals have strengthened the feeling that the new political and economic system does not benefit the majority. "Siegerist won by saying

that 80 percent of politicians here are corrupt, which is probably true, and that ignoring people's real social needs is a nasty thing to do, which is probably also true," said a senior European diplomat in Riga.

Mr. Siegerist, 48, won his popularity by opening soup kitchens and distributing food and medicine to needy people, especially the elderly.

In his campaign, he promised to bring Latvia out of its "deep misery" by guaranteeing a stable currency, a crackdown on corruption, an end to labor conflict and "law and order."

His new political success is the latest phase in a checkered career.

In 1968 he founded an organization in Germany called German Conservatives, which he described as dedicated to fighting "fanatic Jews in Israel" and preventing Germany from being "flooded with foreigners." Later he joined a campaign to free the former Nazi leader Rudolf Hess, who was serving a life term for war crimes.

A year later he ran as a fringe-party candidate for the German Parliament. He received only a handful of votes, and when Latvia gained its independence in 1991, he decided to try his luck here.

He was awarded Latvian citizenship in 1992 without hav-

ing to give up his German passport, and in 1993 won a seat in Parliament. The party to which he then belonged, the Latvian National Independence Movement, soon expelled him for not supporting its program. He was later expelled from Parliament for chronic absenteeism.

Last year, a German judge sentenced Mr. Siegerist to an 18-month jail term for violating a law that bans inflammatory racist statements.

He appealed the sentence, and a final judgment is expected within a few months. He has said that he will return to Germany to face the court, and that regardless of the outcome, he will run for president of Latvia next year.

Mr. Siegerist's emergence illustrates the unusual nature of citizenship laws in Latvia. Nearly one-third of the country's 2.5 million people are ethnic Russians, and although many have lived here for decades and some were born here, restrictive laws make them ineligible for citizenship. As a result, they may not vote.

The same law that bans most ethnic Russians from obtaining citizenship permitted Mr. Siegerist to do so because his father was an ethnic Latvian.

Algerian Reporter, 27, Shot Dead

ALGIERS — Gunmen armed with automatic weapons shot and killed an Algerian journalist here, the second in two days, the victim's newspaper reported Tuesday.

Saïda Djebaili, 27, a reporter with the Algerian daily Arab Life, was shot several times in the head on Monday while she was in a car. The unidentified

driver also was reported killed. On Sunday, gunmen murdered Abdelwahad Sadaoui, 43, commercial director of the newspaper *El Chaab*. He had been abducted Saturday near his home in Chetia.

So far no individual or group has claimed responsibility for the two murders, but Muslim militants are suspected, police sources said.

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THE AMERICAS

POLITICAL NOTES

Get Moving, the Reformists Urge

WASHINGTON — As Representative Christopher Shays, Republican of Connecticut, sees it, Democrats who came to Congress in 1992 with a promise to clean up the political system "had their heart in the right place but failed to deliver."

Now, Republican congressmen who swept into power with the same pledge in 1994 are oaring the end of their first year with little progress toward fulfilling it, and Mr. Shays is getting anxious.

For Representative Linda A. Smith, Republican of Washington, the party's plight is summed up by her growing file of political cartoons lampooning the Republicans for talking reform while taking campaign contributions from special interests, including one that shows the Capitol with a "For Rent" sign posted over the old sign that read "For Sale."

Mr. Shays and Ms. Smith are among a handful of junior Republican and Democratic lawmakers from both houses who are attempting to jump-start the reform effort that came out of the 1994 elections but stalled in the face of budget and other priorities of the new Republican leadership.

Their goals include enactment of long-thwarted legislation to overhaul Congress's campaign finance system, House passage of Senate-approved measures to tighten rules governing lobbyists and gifts to lawmakers, reductions in congressional pensions, a slowing of the "revolving door" through which retiring members pass into the lucrative world of lobbying and, for some, term limits for members of Congress.

But leaders of the two houses have been preoccupied with other issues and have set off hesitant signals about their intentions on political reform, swearing their devotion to the cause while delaying votes. (WP)

A Congresswomen's Welfare Lobby

WASHINGTON — Nearly half of the women in Congress have urged lawmakers drafting a final welfare bill to provide enough money for child care and require states to continue to shoulder a fair share of the responsibility for helping the poor.

The 26 women legislators, in a letter to the members of the House and Senate conference committee on welfare, said that they have a "particular interest" in the issue because roughly 90 percent of the families on welfare are headed by women.

They asked the conferees to keep intact the school lunch program, nutrition aid for pregnant women and babies, foster care and adoption assistance.

The women went somewhat further than 18 Republican moderates in the House, who also asked the conferees to craft a bill that would attract bipartisan support. The House and Senate have passed differing bills to overhaul the nation's welfare programs by turning them over to the states to run and providing a lump sum payment. (WP)

Democrats Budget for a TV Blitz

WASHINGTON — Looking for maximum leverage with the Republican Congress and an image edge for 1996, President Bill Clinton has put in motion a Democratic fund-raising drive that could allow the party to underwrite television commercials for broadcast in crucial states through the end of the year.

The advertising campaign, which will be led by the budget debate and paid for by the Democratic National Committee, began early this month with a 30-second commercial on Medicare.

The ad promotes the president's plan to make \$124 billion in savings in Medicare while attacking the Republican plan to cut the growth in the program by \$70 billion.

Other scripts on such issues as education or environmental spending are under consideration. Democrats say Mr. Clinton wants the party to be prepared to keep a variety of television advertisements running throughout the decisive weeks of the budget struggle, which is expected to come to a head in November and possibly last into next year.

The National Committee did not put a precise target on its money drive, but other Democratic fund-raisers said the party was seeking to raise \$10 million so that it could buy \$1 million worth of television a week over a 10-week period. (NYT)

Quote / Unquote

Robert S. Rikkind, national president of the American Jewish Committee, on Louis Farrakhan's call for a meeting with Jews to work out differences: "A man who still promotes racism, bigotry, anti-Semitism is not someone we're going to be keen to sit down and talk to. Mr. Farrakhan is not the only channel of communication between blacks and Jews." (AP)

Away From Politics

● An explosion and fire rocked a Pennzoil Co. refinery in western Pennsylvania, killing three people and injuring four, one critically. Black smoke from the burning tanks of naphtha solvent and fuel oil could be seen for miles. (AP)

● The launching of the space shuttle Columbia, already postponed six times, will be pushed back at least one more day, to Friday. High winds delayed the launching of an unmanned rocket and forced a rescheduling at Cape Canaveral, Florida. (Reuters)

● A Pennsylvania man who spent four years in prison for murder and tried to clear his name for 12 years won his fight when a judge ruled that prosecutors had lacked evidence to convict him of killing a 71-year-old man in a 1983 delicatessen robbery. (AP)

● A California man who beat a dog with a baseball bat after it mauled his 1-year-old son has been acquitted of an animal cruelty charge. (AP)

● A Briton, Germany, woman drowned while snorkeling in waters off the Hawaiian island of Lanai. (AP)

● Two midshipmen at the U.S. Naval Academy have been accused of LSD possession, and the entire student body — 4,000 people — was required to submit to urine tests after an investigation by college and navy officials "identified a small number of midshipmen who were potentially involved in illicit drug use," the academy said. (AP)

● A military missile crashed into a shed behind an Alabama home, forcing the evacuation of the area until a bomb squad could be summoned to remove the 18-inch (45-centimeter) weapon, authorities said. No injuries were reported. (AP)

Quebec Separatist's Blunder Leaves Campaign Reeling

By Charles Trueheart
Washington Post Service

TORONTO — A week after taking the wheel of the faltering campaign to win the Oct. 30 Quebec referendum on secession from Canada, Lucien Bouchard, the separatist leader, has run it into a ditch.

At issue in the accident, for which Mr. Bouchard apologized Monday night, was an inflammatory weekend reference to Quebec's low fertility rates.

"Do you think it makes sense that we have so few children in Quebec?" asked Mr. Bouchard in a speech. "We're one of the white races that has the least children. That doesn't make sense. It means we have not resolved our family problems."

The statement quickly deepened the tensions surrounding women's roles and French ethnicity in the restive province, whose residents will be voting a week from Monday on their future in the Canadian confederation.

Prime Minister Jean Chrétien pounced on Mr. Bouchard, the opposition leader in Commons. "In order to be a good Quebecer," said Mr. Chrétien sarcastically, as Mr. Bouchard fumed across the aisle, "you have to be white rather

than colored, you certainly have to speak French rather than English, and you definitely have to be a separatist."

Daniel Johnson, who leads the pro-unity forces inside Quebec, orchestrated denunciations of Mr. Bouchard by prominent Quebec women.

"Mr. Bouchard, I have a little secret I want to share with you," declared Margaret Delisle, a pro-unity Quebec legislator, at a rally. "The women of Quebec don't have babies for the state, they have babies for love."

The public pummeling represented a swift comeuppance for the popular Bloc Québécois leader, damaging his chance to secure a majority of "yes" votes Oct. 30. Quebecers will be asked to vote on sovereign status for the province of 7 million, tied to an offer of economic and political partnership with the rest of Canada.

A new poll released Tuesday shows that Mr. Bouchard, by effectively taking over the separatist effort 10 days ago, had had a positive effect on its fortunes. Decided "yes" and "no" voters, the poll said, now are in a dead heat. But those encouraging results were overwhelmed by news coverage of Mr. Bouchard's self-inflicted wounds.

The reaction from outside Quebec was all but gleeful, particularly coming as many Canadians

were beginning to worry that vanquishing the separatists was no longer the sure thing it seemed a few weeks ago.

In his apologies and explanations for the "inappropriate" remarks, Mr. Bouchard this week defended his record of support for issues important to women and for minorities' equal place in Quebec's social and political firmament.

To counter the effects of the Bouchard remarks among women, spin doctors for the "yes" side were focusing on another recent clumsy sexist remark: A pro-unity Quebec senator Thursday ended an argument with José Legault, a young scholar and ardent sovereigntist, by calling her a "separatist cow."

The separatist cause can ill afford to alienate women voters. Polls show them to be significantly more resistant than men in Quebec to voting in favor of sovereign status.

Mr. Bouchard's gaffe recalled a pivotal incident in the 1980 referendum campaign, when an earlier separatist provincial government put a question on secession to voters.

In 1980, a leading proponent of Quebec independence described the wife of a pro-unity leader as an "Yvette" — essentially, a housewife who couldn't think for herself. The remark generated a proud pro-federalist movement of women who

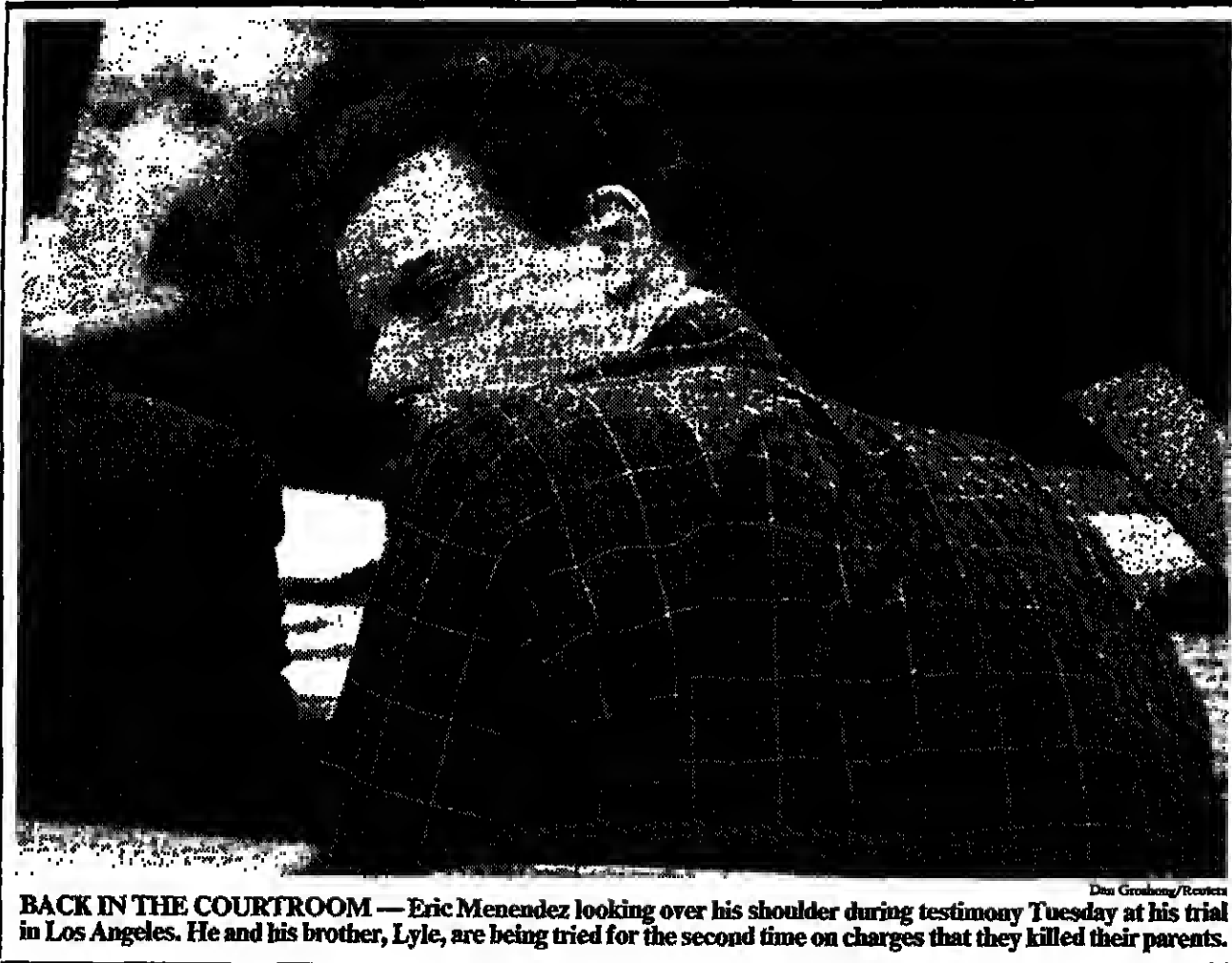
called themselves Yvettes, and the backlash is given partial credit for the victory of the "no" side that year.

But the issue Mr. Bouchard raised resonates more deeply still with the Quebec public. As is often the case with gaffes, what Mr. Bouchard said was factually correct. Quebecers collectively are not reproducing themselves. The fertility rate for all Quebecers is 1.61, well below the 2.1 level that demographers agree is the minimum necessary rate for replicating a population.

The low birth rate is a lingering after-effect of what is called the Quiet Revolution of the early 1960s, when the mostly French-speaking province threw off its old timidity and folkways, including its adherence to the Catholic Church.

One demographic result was that Quebec women, for whom a dozen or more offspring was not uncommon as late as the 1950s, stopped having so many babies. They bore 137,850 in 1960, but only 92,391 in 1993, according to the federal agency Statistics Canada.

The unspoken fear among some French-speaking Quebecers is that low birth rates, coupled with continued immigration into Quebec by non-Francophones, will mean the erosion of the French culture and language in North America.



BACK IN THE COURTROOM — Eric Menendez looking over his shoulder during testimony Tuesday at his trial in Los Angeles. He and his brother, Lyle, are being tried for the second time on charges that they killed their parents.

Court to Rule on Therapy's 'Privilege'

By Joan Biskupic
Washington Post Service

WASHINGTON — As police officers and other increasingly turn to psychotherapists to work out personal traumas, the Supreme Court has decided to use the case of a policewoman who sought counseling after she killed a suspect to decide whether conversations with a clinical social worker should be confidential and protected from use at trial.

"Much has changed with the mental health field in the past five years," an appeals court in Chicago said. "The need, and demand, for counseling services has skyrocketed during the past several years due to the rapid spread of violence and crime throughout our nation."

The high court said Monday that it would review the 7th U.S. Court of Appeals decision that conversations between psychotherapists and patients should be protected communications, similar to "privileged" conversations between an attorney and client or physician and patient.

The case could yield an important ruling on privileged conversations, those that cannot be disclosed at trial.

The case began in 1991 when a policewoman, Mary Lu Redmond, responded to a reported fight at an apartment complex in Hoffman Estates, a suburb of Chicago. There she supposedly

saw a man with a huncher's knife running after another man. She shot the man with the knife, Ricky Allen Sr., 31, and killed him. Allen's brothers and sisters who witnessed the episode testified that Mr. Allen was not armed at the time.

The family members eventually sued the policewoman, the Hoffman Estates Police Department and the Village of Hoffman Estates, alleging that the officer used deadly force in violation of Mr. Allen's civil rights.

When the family discovered that the policewoman had been in counseling with a clinical social worker, it wanted the social worker to testify at the civil trial and turn over notes and records

of conversations with the policewoman.

The trial judge said that there was no privilege between a social worker and client, but neither the policewoman nor the social worker would reveal the substance of the counseling sessions. The therapist produced notes, but only selected ones. As a result, the judge told the jurors they could presume that the withheld notes would be "unfavorable to" the policewoman. A jury awarded the family \$545,000.

The 7th Circuit Court of Appeals threw out the verdict. But the court noted that while the Cincinnati-based 6th Circuit and New York-based 2d Circuit have recognized a psychotherapist-patient privilege in both civil and criminal cases, most of the other circuit courts have rejected it.

Federal rules of evidence say that the privileges against testifying should be interpreted by federal judges "in light of reason and experience."

The 7th Circuit, in the opinion by Judge John L. Coffey, observed that all of the states have recognized some need for a psychotherapist-patient privilege.

"Reason tells us that psychotherapists and patients share a unique relationship, in which the patient's ability to communicate freely without the fear of public disclosure is the key to successful treatment," he concluded.

John Walker 3d Dies at 88, Shaped The National Gallery in Washington

New York Times Service

NEW YORK — John Walker 3d, who as chief curator and then director of the National Gallery of Art in Washington helped shape the museum into a world-class institution, died Sunday at his home in near Arundel, Sussex, England.

He was 88 and had lived in England since his retirement from the gallery in 1969.

Arriving in Washington in 1939, Mr. Walker was more or less present at the founding of the National Gallery. It had been established by an act of Congress in 1937 at the urging of Andrew W. Mellon, the Pittsburgh steel magnate, and was built on the Washington Mall over the next four years.

Mr. Walker oversaw the installation of the gallery's original collection, a group of 38 paintings from the collections of Samuel H. Kress and Mr.

Mellon, which included works by Raphael, Rembrandt and Titian that Mr. Mellon had purchased from the Hermitage.

Walter C. Williams, 76, Early Aerospace Engineer NEW YORK (NYT) — Walter C. Williams, 76, a pioneering aerospace engineer whose 50-year career helped to propel the country into the jet age and the era of manned space exploration, died Oct. 7 at his home in Tarzana, California.

He suffered a brief illness, according to the Dryden Flight Research Center in Edwards,

California, which he served as its founding director.

Mr. Williams worked as a project engineer on piston-driven fighter aircraft in World War II. He then moved on to the rocket-powered X-1 research craft and in the early 1960s oversaw the missions of Project Mercury, the first American manned space flights.

He retired in 1962.

Bernard Saffran, 71, an artist whose portraits of celebrities decorated Time Magazine covers for a decade, died of a heart attack on Saturday in New York.

15 Survivors Are Taken Off Flotsam Of Mexican Barge Hit by Hurricane

The Associated Press

CIUDAD DEL CARMEN, Mexico — Rescue boats pulled 15 survivors out of the Gulf of Mexico on Tuesday after a barge sank in a hurricane, and officials raised the death toll in the sinking to five.

The hurricane, designated Roxanne, was downgraded to a tropical storm with winds of 63 miles per hour (105 kilometers per hour). But it continued to torment tens of thousands of coastal residents by pushing the sea far above its normal level. Homes and belongings were destroyed in the flooding.

High seas and hasty winds complicated efforts to rescue the survivors of the barge, which sank Sunday night with at least 244 aboard. The barge

was working for the Mexican oil monopoly Pemex.

Octavio Best, an official at the ravaged port of Ciudad del Carmen in southeast Mexico, said 15 survivors were picked off floating wreckage by small boats early Tuesday and were being taken to another barge that was converted to a makeshift hospital.

For investment information, see the MONEY REPORT every Saturday in the NYT.

Mexico's Ruling Party Loses Key Seat in South

Reuters

TUXTLA GUTIERREZ, Mexico — The main opposition party has won the election for mayor in the capital of the south Mexican state of Chiapas, dealing a fresh blow to the long-ruling Institutional Revolutionary Party.

The race in Tuxtla Gutiérrez was the most important of the 109 mayoral posts contested in Sunday's elections in Chiapas, where Zapatista rebels took up arms last year. Forty state legislators were also chosen.

Official results gave the conservative National Action Party a 2-to-1 victory over the ruling party in Tuxtla Gutiérrez.

Elsewhere, the governing party suffered a drop in support compared with previous elections, but it remained stronger than its rivals. Party leaders said they had won 55 percent of all votes.

The party won in the large towns of San Cristóbal de las Casas and Tapachula and was on course to win an overall majority in the 40-seat state legislature.

Independent observers said the poll appeared to have been relatively clean, although some irregularities were spotted, such as polling booths opening late and poor organization.

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ASIA

In Gesture to West, Bhutto Arrests Officers

By John F. Burns
New York Times Service

NEW DELHI — In a move that has underscored growing political tensions in Pakistan, Prime Minister Benazir Bhutto's government has disclosed that it secretly arrested 40 army officers last month, one of them a two-star general, on suspicion that they were linked to Islamic fundamentalist groups.

Since confirming the arrests in a meeting with Pakistani newspaper editors Saturday, Miss Bhutto has imposed an official silence. But newspapers in Pakistan, citing government officials, have said the officers were rounded up in Islamabad, the Pakistan capital, on Sept. 26, and taken to a military prison in Quetta for questioning.

Some newspaper reports in Pakistan have said the officers are suspected of plotting to overthrow the Bhutto government. But Western diplomats in Islamabad said a more likely explanation was that the government, eager to enhance its ties with the United States and promote possible U.S. arms deliveries, was responding to pressures from Washington for a crackdown on Islamic terrorist groups that have used Pakistan as a base.

For years, there have been allegations that officers of the Inter-Services Intelligence agency have been involved in arming and training Islamic fundamentalist groups that have mounted terrorist attacks outside Pakistan.

Some Pakistan newspaper reports have said the most senior officer seized in the September roundup,

Major General Zahirul Islam Abbasi, who was the army's director-general of infantry at the time of his arrest, previously served in the intelligence agency.

Diplomats who suggested that Miss Bhutto's purpose in ordering the arrest had been to strengthen ties with the United States noted that in February she approved a joint operation in Islamabad by U.S. and Pakistani intelligence agents that captured Ramzi Ahmed Yousef, a prime suspect in the World Trade Center bombing in New York in February 1993 that killed six people and wounded more than 1,000. Mr. Yousef is now awaiting trial in New York.

The arrest of the officers is the latest in a series of developments that have underlined growing political instability in Pakistan.

In recent months, the Bhutto government has been arresting opposition leaders and placing new constraints on Pakistan's newspapers, and otherwise acting in a fashion that has caused critics to suggest that Pakistan's fragile democracy could be at risk.

In a new blow to the government Sunday, Nasir Hussain, the husband of Miss Bhutto's sister, Sanam, was arrested at Karachi airport on suspicion of involvement in the slaying that day of a dissident member of the governing Pakistan People's Party.

Miss Bhutto's father, Zulfikar Ali Bhutto, who was prime minister in the 1970s, was hanged in 1979 after being convicted by a military court of involvement in the killing of a leading People's Party dissident.

According to published reports in Pakistan, those arrested last month included, besides Colonel Abbasi, at least 38 other officers. The arrests had been rumored

in Islamabad for some time, but Pakistani newspapers ran no reports about them until Miss Bhutto's remarks on the weekend.

Even then, the prime minister was elusive. "Some individuals are under investigation, but it is premature to say anything," she said. "When the investigations are completed, details will be known, and the nation will be taken into confidence."

One newspaper, The Daily News, said Monday that the officers had been arrested on suspicion of "violating service discipline" and "hatching a conspiracy to overthrow the government by capturing the command of the Pakistan Army." The army has seized power on several occasions, ruling directly for 25 of the 48 years of Pakistan's existence.

But officials of the Bhutto government who discussed the issue guardedly on the telephone played down the reports of a coup plot, saying an attempt to topple the government would have required more than 40 officers, and more than one general.

But diplomats said Miss Bhutto was more likely to have been prompted by events in Washington, where a joint House-Senate conference will soon take up a measure passed by the Senate last month that would allow the first military sales in five years to Pakistan.

An amendment to the foreign aid appropriations bill, introduced by Senator Hank Brown, a Colorado Republican, would allow the United States in the coming year to deliver the \$368 million in military equipment that Pakistan bought in 1990, before passage of an amendment that banned military and economic aid until Pakistan drops its nuclear arms program.

BRIEFLY ASIA

6 More Afghan Officials Expelled by Pakistan

ISLAMABAD, Pakistan — Pakistan on Tuesday ordered six more Afghan diplomats to leave the country within 48 hours, state radio said. It said 11 other Afghan nationals had also been expelled.

The move followed similar expulsions last month of 13 Afghan diplomats, including the chargé d'affaires in Islamabad. Relations between Islamabad and Kabul nosedived after the Pakistan Embassy in Kabul was ransacked Sept. 6 by Afghan protesters who assaulted the embassy staff, including the ambassador. One embassy employee was killed.

Afghanistan accuses Pakistan of backing the opposition Taleban Islamic movement, which is battling government forces outside Kabul for control of the capital. (Reuters)

Burma Improving

RANGOON — A United Nations rights investigator said Tuesday there has been some change for the better in people's lives, but certain freedoms are still restricted in Burma.

"I have observed certain good changes over the year," the investigator, Yozo Yokota, said. "The general life of the people is improving." But restrictions remain in such areas as freedom of speech, expression, assembly and publication, he said.

Mr. Yokota also praised the government for releasing the opposition leader Daw Aung San Suu Kyi from six years of house arrest on July 10. He met separately with her and with government leaders during his 10-day fact-finding mission, but declined to comment on their discussions before he submits his report to the UN Human Rights Commission. (AP)

Japan Awaits U.S. Reply

TOKYO — The United States has promised to make a formal reply to Japan on reported CIA spying during automobile trade talks earlier this year, Japan's chief government spokesman said Tuesday.

"I heard that the U.S. government will make a formal answer after scrutinizing the report, so we will continue to have close contact," the Kyodo news agency quoted the chief cabinet secretary, Koken Nosaka, as telling a news conference.

The New York Times said Sunday that the Central Intelligence Agency eavesdropped on conversations among Japanese bureaucrats and car company executives and fed reports to the U.S. trade representative, Mickey Kantor.

in daily briefings during heated talks on automobile trade in Geneva. (Reuters)

Tokyo Targets Sects

TOKYO — Seven months after members of a doomsday cult spread deadly nerve gas on Tokyo's subway, the Japanese cabinet on Tuesday approved a measure designed to crack down on bogus religious groups. But the bill appeared headed for trouble in Parliament, where its final approval could be blocked by lawmakers afraid that it may violate freedom of religion.

Under the proposed law, the education minister would be able to supervise religious groups operating in more than one state. Currently, such oversight is left to the individual prefectures where the organization operates.

The new bill also would require religious organizations to submit detailed reports on their assets and ranking members. (AP)

Landmark Timor Talks

DILI, East Timor — A senior adviser to President Suharto has held talks with East Timorese leaders in what residents said on Tuesday was the first such initiative in the territory in years.

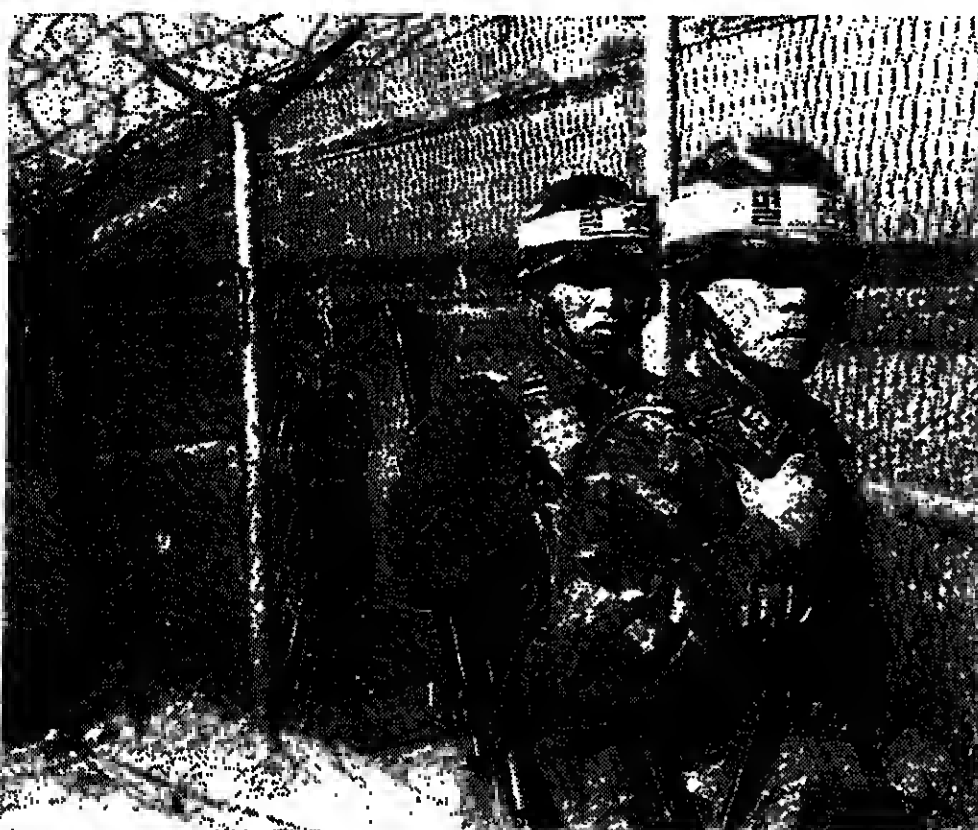
Sudomo, head of the president's Supreme Advisory Council, left East Timor on Tuesday after calling on local community leaders not to inflame the situation through their comments. Participants said Mr. Sudomo talked for two hours with some 50 local officials about East Timor's political situation. (Reuters)

VOICES From Asia

Tomichi Murayama, Japan's leader, on a dispute with U.S. bases in Okinawa: "The issue is worth staking the fate of my cabinet. If the issue can be solved with my work, I will devote myself to tackling it." (AFP)

Fidel Ramos, president of the Philippines, on China's growing military strength and the role of the United States in Asia: "Any dilution of the American commitment to East Asian stability will severely undermine regional confidence — put an end to the region's economic miracle — and perhaps set off an arms race that could have incalculable, tragic consequences for all of us." (AFP)

Sanjay Dutt, Indian film star, as he was released on bail after 14 months in a Bombay prison on terrorism charges: "I'm so excited at the thought of getting out of here that I haven't been able to plan anything ahead." (Reuters)



South Korean soldiers patrolling along the Imjin River on Tuesday after the shooting.

Infiltrators Hunted After DMZ Killing
Seoul Troops Shoot 'Spy'

IMJIN RIVER, South Korea — The government said Tuesday that its troops had shot and killed a North Korean spy in a frogman's suit and that a hunt was under way for other possible infiltrators.

The military set up 850 roadblocks along highways leading to the border, the last flash point of the Cold War era, because it believed the man may have been part of a team.

The Defense Ministry took journalists to the scene of the fight, the first armed confrontation of its kind since 1992. They were shown the naked body of a muscular man who appeared to be in his early 20s, a bullet hole above his left eye. He was shot in the early hours of Tuesday. "I was on duty when I heard noises coming from the bush-

es," said Corporal Chung In Jae, who fired the fatal shot.

"Then I saw a vague figure and he was lying low. As I turned on my flashlight, the figure stood up and raised his left arm. I saw this as a dangerous sign and believed he was about to throw a grenade."

Mr. Chung said that he and another soldier opened fire and that the man staggered into the Imjin River. The infiltrator, who was fished out, wore a black frogman's suit over a fuke South Korean military uniform.

The man was shot on the bank of the river about three kilometers (two miles) from the Demilitarized Zone that has separated the North and the South since an armistice ended the 1950-53 Korean War.

Beside the body were two M-16 rifles, two knapsacks and what appeared to be a survival kit, including several chocolate bars with Chinese writing on them, aspirin and penicillin.

Earlier, Major General Chung Hwa Eun said at a news conference that other North Koreans may have slipped across the border, since infiltrators usually worked in small teams.

"We think about two to three of them were trying to infiltrate," General Chung said.

Jim Coles, a spokesman for the U.S.-led United Nations Command, said by telephone: "If evidence points close to North Korea, we will lodge a formal protest."

China Sends Envoy Back to U.S.

Protest Over Taiwan Leader Ends After Four Months

BEIJING — China's ambassador to the United States, Li Daoyu, will return to his post in Washington this week, four months after Beijing withdrew him to protest a U.S. visit made by Taiwan's president, Beijing said Tuesday.

A Foreign Ministry spokesman, Chen Jian, said Mr. Li would go to Washington and attend a summit meeting between President Bill Clinton and China's president, Jiang Zemin, next week.

The two presidents will meet in New York on Tuesday to try to improve ties, which plummeted to what Beijing has called their lowest level since diplomatic ties were established in 1979. The slide was provoked after a private visit to the United States in June by President Lee Teng-hui of Taiwan.

"The two countries have a wide range of common interests and shoulder a major respon-

sibility for peace and development for the whole world and therefore a meeting between the two leaders is necessary and useful," Mr. Chen said.

China, which regards Taiwan as a breakaway province, has demanded that Washington promise not to allow further visits by Mr. Lee. Washington has declined to make such a pledge.

Mr. Li's return is another step toward the gradual normalization of relations between China and the United States.

The U.S. Embassy in Beijing has had no ambassador since the summer, when J. Stapleton Roy returned home at the end of his term.

The Clinton nominee to succeed him, former Senator James Sasser of Tennessee, has been involved in Senate hearings in Washington intended to win approval for his appointment.

China Offers an Olive Branch to Taipei

BEIJING — China offered on Tuesday to mend fences with rival Taiwan but demanded the Nationalist-ruled island first abandon what it called separatist activities.

"Whether relations between the two sides can improve hinges on whether the Taiwan authorities adhere to the basic principle of 'one China,'" a Foreign Ministry spokesman, Chen Jian, told a news briefing.

Mr. Chen declined to elaborate on the definition of "one China."

Beijing has considered Taiwan a rebel province since the end of the Chinese civil war in 1949, when the Communists defeated and drove the Nationalists to the island.

"The Taiwan authorities must stop any speech or action of 'two Chinas' or 'one China, one Taiwan,'" Mr. Chen said. "Only in this way will relations between the two sides resume and improve and the necessary

atmosphere for a summit meeting between leaders created."

In Taiwan, meanwhile, Premier Lien Chan urged China on Tuesday to remove barriers to better relations and drop a threat of attack to show good faith. His remarks followed an offer by China's president to hold summit talks.

"Although Chinese communist leaders say they are willing to talk, the primary task for pushing ahead relations across the Taiwan Strait is for the Chinese Communists to renounce their military threat," Mr. Lien was quoted in a cabinet statement as telling Parliament.

"Regarding Jiang Zemin's recent remarks, since he expressed a willingness for talks," then he "should remove the barriers," Mr. Lien was quoted as saying.

In a weekend interview with U.S. News & World Report, President Jiang was quoted as saying that he would be willing to visit Taipei and that President

Lee Teng-hui of Taiwan was "welcome" to visit Beijing.

Mr. Chen ruled out the possibility of holding the summit in a third country, saying it was an internal Chinese affair. Taipei has insisted that Mr. Lee be accorded equal status at any summit meeting and suggested using an international setting.

Mr. Jiang's offer marked a major departure from China's stand in August, when Beijing had called Mr. Lee a "schemer" and "double-dealer" who should be tossed into the "dustbin of history."

The summit would be the first encounter between the leaders of China and Taiwan since 1949.

On Monday, Mr. Lee ordered his government to study Mr. Jiang's offer for a summit meeting, which top Taiwan officials said could be a sign that severely strained ties were easing.

Mr. Lien, Taiwan's prime minister, was more downbeat Tuesday than he was on Mon-

day, when he had described Mr. Jiang's offer as "positive." On Tuesday, he cast doubt on China's sincerity.

"Relations across the strait cannot be seen as children's games," Mr. Lien was quoted as saying. "They should be faced with a serious attitude because they have a close relationship with the future and welfare of 21 million compatriots."

Slowly improving relations between Beijing and Taipei deteriorated markedly last June when Mr. Lee visited the United States.

By "two Chinas" Beijing refers to foreign governments trying to recognize both Beijing and Taipei. "One China, one Taiwan" denotes Taiwan abandoning reunification and declaring itself independent.

Most governments recognize Beijing. The Nationalists long to break out of diplomatic isolation and gain a seat in the United Nations, from which Taiwan was ousted in 1971.

Sri Lankan Troops Advance on Rebels

Compiled by Our Staff From Dispatches

COLOMBO — Thousands of troops backed by warplanes and navy gunboats advanced on rebel positions in the north Tuesday in what could be a prelude to an assault on the Tamil Tiger rebel stronghold of Jaffna.

At least 137 soldiers and Tamil rebels have been killed in the fighting.

Top-level military sources told the state-owned National News Agency that the advance was the first phase of an operation to take control of the Jaffna Peninsula from the main separatist group, the Liberation Tigers of Tamil Eelam, who are fighting for a homeland in the

north and the east since 1983.

In a separate rebel attack Tuesday, 12 people were killed when rebel divers infiltrated the military's largest port, Trincomalee, and blew up a navy supply ship.

The attack occurred 245 kilometers (150 miles) northeast of Colombo.

Nineteen soldiers were killed in northern Jaffna Peninsula, as rebels put up stiff resistance while thousands of troops with air and naval support advanced on guerrilla positions at dawn Tuesday in an offensive code-named "Sun Rays."

Three armored personnel carriers were destroyed by rebel rocket and mortar fire, and 157

soldiers were wounded in the battle at Kuppilam and Achchelu villages on the key northern front, government officials said.

In the eastern front, 29 soldiers and 16 rebels were killed in fierce fighting, and troops tried to clear guerrillas from the jungles in the Batticaloa district, according to military officials and reports from rebel radio broadcasts.

The military has declined to reveal the goal of the operation in the north, but the rebels said thousands of civilians fled their villages after the military shelled the area.

Velupillai Prabhakaran, the chief of the Liberation Tigers of

Tamil Eelam, has conducted the 12-year campaign against the military from Jaffna.

More than 35,000 troops have been amassed on the peninsula since early this month, poised for an offensive on the rebel capital.

Lieutenant General Gerry de Silva, the army commander, said last week that "nothing is going to stop us" from taking Jaffna city.

More than 36,000 people have been killed in the ethnic conflict since 1983, when Tamils began to fight for an independent homeland in the north and east of this predominantly Sinhalese nation. (AP, Reuters)

PACIFIC PLACE - HONG KONG

EUROPE

Colleagues Urge Kohl To Seek 5th Term

Reuters

KARLSRUHE, Germany — Leading Christian Democrats, meeting Tuesday to debate their party's strategy into the next century, openly urged Chancellor Helmut Kohl to run for re-election again in 1998.

Their calls, on the second day of the party's annual congress in Karlsruhe, were made as the opposition Social Democrats plunged deeper into a debilitating power struggle.

Apart from his wide popularity, congress delegates said, Mr. Kohl would be the best man to stand up in the 1998 election campaign to populists who might try to whip up opposition to the European Union's planned single currency.

Mr. Kohl, unchallenged in office after 13 years, has refused to reveal his plans. But he hinted strongly in his opening speech Monday that he wanted to run again so that he could help see in the EU economic and monetary union, which is due in 1999.

"He should, and he will, and he will win," Defense Secretary Volker Rühe, who has been mentioned as a possible successor, said when asked whether Mr. Kohl should seek a fifth four-year term.

Opinion polls indicate that Mr. Kohl could win a rare absolute majority if a general election were held now. They say that his party would win 45 per-



Rudolf Scharping at the Social Democratic leaders' meeting in Bonn on Tuesday. He may face an internal challenge.

cent, enough to rule alone under German law, compared with 32 percent for the ailing Social Democratic Party.

Among other Christian Democratic leaders publicly urging Mr. Kohl to run were his housing minister, Klaus Toepfer, the Baden-Württemberg state premier, Erwin Teufel, and the Berlin mayor, Eberhard Diepgen.

Heiner Geissler, spokesman for a small "loyal opposition" in the party's liberal wing, joined those supporting another four-year term for Europe's longest-serving leader.

"The majority will be so tight in 1998 that it would be too risky to run with another candidate," he said.

Oskar Lafontaine, the Social Democratic politician who ran

unsuccessfully against Mr. Kohl in the 1990, reignited a power struggle within the main opposition party Tuesday with a call for a reallocation of tasks within the divided leadership.

He said in Bonn that he also wanted a bigger role for Gerhard Schröder, the main rival to the party chairman, Rudolf Scharping.

Mr. Scharping, under fire

within the party for failing to marshal any significant opposition to Mr. Kohl, seemed to have won a respite last week by securing the respected Franz Münterfering as party manager, effectively a general secretary.

But the comments from Mr. Lafontaine made it appear that Mr. Scharping now had to face a challenge from another flank in the party.

In Karlsruhe, the Christian Democratic parliamentary leader, Wolfgang Schäuble, cautioned that Mr. Lafontaine might try to exploit Germans' concern about giving up the Deutsche mark in the European monetary union, which due to start only a few months after the 1998 election.

He predicted that Mr. Lafontaine would "whip up fears against the European currency, just like he whipped up fears in 1990 against German unification."

Other delegates said that far-right parties like the Republicans could also fan voters' fears about an inflation-prone EU currency.

U.K. Eases Stand on IRA Arms Shift Is Seen as Effort to Break Stalemate

By James F. Clarity
New York Times Service

DUBLIN — In an apparently significant shift in British policy, Sir Patrick Mayhew, the Northern Ireland secretary, suggested for the first time Tuesday that the Irish Republican Army might not have to disarm before its representatives were permitted to take part in a new round of talks on a peace settlement in the British province.

For months the peace effort has been stalled by British insistence that the IRA's political wing, Sinn Féin, could not enter formal talks until the IRA had begun to disarm.

But on Tuesday, Sir Patrick reached agreement with the Irish government that the next steps in the peace effort would be the establishment of a disarmament panel and a proposal to start bilateral talks involving the two governments and all the parties in Northern Ireland, including Sinn Féin.

He seemed to be offering a compromise to the disarmament dispute by saying that the special panel might find a way for Sinn Féin and the IRA to give assurances that they were permanently committed to non-violence. Such assurances, he indicated, could result in a place for Sinn Féin at the negotiating table.

He said that if the panel could find a way to establish the "necessary confidence" other than actual disarmament, "then we want to look at that very closely."

Dick Spring, the Irish foreign minister, who met with Sir Patrick on Tuesday in Belfast, said the two governments were eager to get the peace process moving again.

Mitchell McLaughlin, the chairman of Sinn Féin, responded cautiously to Sir Patrick's statement, saying that if it meant that Britain was abandoning its disarmament-before-talks position, then Sinn Féin would "make a considered judgment."

Referring to the British disarmament demand, he added, "If in fact we are stepping back beyond that and people are reformulating the proposition, then Sinn Féin will look at the

detail of it and we will look at it positively."

Mr. McLaughlin noted that Sir Patrick had not mentioned one of Sinn Féin's principal demands: that a firm date be set for the start of all-party talks, involving both Sinn Féin and the Protestant parties who oppose the IRA's ultimate goal of a united Ireland free of British control.

The statements came after

two days of meetings in London between President Bill Clinton's national security adviser, W. Anthony Lake, and senior British and Unionist officials. Mr. Lake and Nancy Soderberg, the National Security Council specialist on Ireland, were in London to try to move the stalled peace effort in advance of President Clinton's visit to London, Belfast and Dublin in six weeks.

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BRIEFLY EUROPE

Sahlin Pulls Out of Swedish Contest

STOCKHOLM — Deputy Prime Minister Mona Sahlin said Tuesday she was no longer a candidate to succeed Prime Minister Ingvar Carlsson, but would not rule out re-entering the leadership contest at a later date.

"I want to make it clear that I'm no longer a candidate today," she said on Swedish television. "I want to give both myself and the party what I think we all need now — the chance to go through everything from the beginning."

Mrs. Sahlin, who is at the center of an uproar over misuse of her official credit card to pay for small items for her children, said she had told Mr. Carlsson of her decision on Tuesday.

"Now I'm like any other party member," she said. "If the party comes back to me in a few weeks or a few months, then I don't know what I'll say." Mrs. Sahlin said. (Reuters)

Ciller Asked to Form New Cabinet

ANKARA — President Suleyman Demirel asked Prime Minister Tansu Ciller on Tuesday to form a new government, Mrs. Ciller's press secretary said.

Mrs. Ciller, who lost a weekend vote of confidence in her minority administration, is very likely to form a coalition with her former Social Democrat partners as a stop-gap government until early general elections are held.

She also ordered 73,100 strikers back to work Tuesday at the state-run railroads, dockyards and sugar factories after a monthlong work stoppage.

Strikes for higher wages by 277,000 workers in state-owned hotels, mines and elsewhere continued. (Reuters, AP)

Austria Schedules General Election

VIENNA — Austria's government scheduled a general election for Dec. 17 as it grappled Tuesday with a fresh wave of suspected neo-Nazi letter bombings and sought to calm jittery markets.

Chancellor Franz Vranitzky and his ministers set the date for the election at their last cabinet session before the vote.

As the police hunted suspected neo-Nazis behind 22 months of unsolved attacks, Mr. Vranitzky urged campaigning politicians not to play on public anxieties. (Reuters)

Yeltsin Orders Grachev to Hearing

MOSCOW — President Boris N. Yeltsin has told Defense Minister Pavel S. Grachev, who refused to attend a court case he initiated, to cancel a foreign trip and attend the next hearing, the Interfax news agency said Tuesday.

General Grachev last month refused to attend a court hearing in a libel suit against a journalist on the grounds that there were too many reporters expected in the courtroom. He had brought the case against the journalist.

General Grachev brushed aside an outcry in the media and

charges of contempt of court, saying he would not attend another scheduled hearing on Oct. 25.

Mr. Yeltsin's move seemed aimed at defusing growing tension centering on General Grachev, his longtime loyal supporter. (Reuters)

U.S. Backs New Initiative on Ulster

LONDON — W. Anthony Lake, President Bill Clinton's national security adviser, gave backing Tuesday to the latest British and Irish effort to move the Northern Ireland peace process forward.

Speaking here after a meeting with Foreign Secretary Malcolm Rifkind, Mr. Lake said: "We welcome the proposal for a twin-track approach on this."

The twin-track approach foresees a panel discussing the future of the weapons and explosives held by Northern Irish guerrilla groups while the IRA's political wing, Sinn Féin, holds initial talks with the two governments.

This could help to break a political deadlock that is delaying talks on the constitutional future of the British province because of British and loyalist demands that the Irish Republican Army first give up their weapons. (Reuters)

Italy Seizes Colonel for Corruption

MILAN — The corruption scandals that have touched all walks of political and business life in Italy reached high into the military Tuesday with the arrest of an army colonel.

Colonel Francesco Simone of Milan was arrested on suspicion of taking a bribe of 60 million lire (\$40,000) from a company that had been awarded a contract to supply shoes to the army. (Reuters)

Calendar

European union events scheduled for Wednesday:

BRUSSELS: European Commission weekly meeting with decisions due on the merger of the rail transport activities of Asea Brown Boveri and Daimler Benz (via AEG). Other issues to be examined include European gas supply, cooperation in international research, the OECD accord on naval construction, and harmonizing social welfare programs.

BRUSSELS: Foreign Trade Association conference on multilateral exchanges and regional group formation, textile accords, European trade policy with regard to China, Vietnam, Eastern Europe and Turkey.

ANTWERP: Transport Commissioner Neil Kinnock, Industry Commissioner Martin Bangemann and the commissioner for competition policy, Karel Van Miert, attend a maritime forum.

Sources: Agence Europe, AFP.

TERRY PAWSON FLEW EMIRATES BUSINESS CLASS, LONDON HONG KONG, 21TH AUGUST 1995



Terry Pawson, award-winning architect, on Emirates (award-winning airline).

As Corbusier said "A house is a machine for living in", and Emirates clearly thinks that much the same applies to an aircraft. Flop in your comfy armchair (99), relax in front of the T.V. (6-channel personal video), enjoy a couple of drinks (Vente Clusquet, Chateau St Aubin, small price), make the odd call (with the on-board satellite phone).

PLAN VIEW Vente Clusquet champagne. So do I feel at home? Not exactly. At home I am unlikely to be offered canapés, a choice of three first dishes and four tempting main courses, and a basket of exotic fruit by a smiling beauty in crisp red and cream uniform, no matter how good a mood Gilly is in.

Life is good. As even Corbusier might have said, after a flight on EK 080.



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In Madrid For Business

THE MOORS BUILT A fortress in the 900s on the site of what is now Madrid. Spanish Christians gained control of the area in 1083, and it became the capital of Spain in 1561. Madrid was one of the great cities of Western Europe in the 1500s and 1600s, but later declined and failed to join the Industrial Revolution of the 1800s. After the Spanish Civil War of the 1930s, Madrid was held in the grip of Generalissimo Francisco Franco, who ruled as dictator until his death in 1975. The nation then became a parliamentary monarchy.

Today, Madrid is a city in a hurry. It's in a hurry because, as many business executives explain, they and the government want to make up for time lost during the torpor of the 36 Franco years. Europe in those days ended at the Pyrenees, or so the saying went.

Much has been achieved by the government of Prime Minister Felipe González, a pragmatic socialist who bolstered rather than battered business, embraced market economics with discreet enthusiasm and reduced the once-powerful Communist Party to a rump of its former self in elections and opinion polls.

Madrid is the Spanish melting pot, a blend of native Madrileños and migrants from the four corners of the country, not to mention foreigners who have made the city their home and its culture cosmopolitan. In few European cities is the way of life changing as fast. Take the Spanish day — and night. Time was, not so long ago, that business executives were seldom in their offices before 10 in the morning, left at one o'clock or so for lunch, took a two- or three-hour siesta, and returned — if they did — at four or five in the afternoon. Anyone who died before 10:00 p.m. was either a foreigner or an eccentric.

There's considerable life in the afternoon now. Spain has hitched its wagon to the European star — and changed its schedule to European time. In many ways, Spain has changed more in the past decade than during the previous few hundred years.

In a Word

Castilian Spanish is the language of Madrid and most of the rest of Spain. The most noticeable difference between Castilian Spanish and Latin American Spanish is that Castilian pronunciation replaces the "s" sound with a soft "th," as in the word "thank." To American ears, Castilian Spanish can sound a bit lisp, so don't laugh if someone tells you he's from "Barhclona."

About a third of Spain's people also speak one of the minority languages: Catalan, Gallego or Basque. These languages are more regionally centered, but you may hear them in Madrid upon occasion. Nobody expects a visiting foreigner to speak one of the minority languages, but it does help to learn some Castilian Spanish phrases before arriving in Spain. The Spanish seem able to adjust their ears to distortions of Castilian, perhaps because there are so many spoken versions of it.

At a Glance

Madrid and its suburbs sprawl over the Castilian plain, but business Madrid is compact, concentrated in the center, with many govern-

ment ministries housed in tower blocks to the north. Madrid boasts one of the tallest office buildings in Europe, the 46-story Torre Picasso, the new symbol of business, yet it still has a charming mixture of ancient and modern architecture, and social dynamism and courtesies.

Getting Around

Madrid has good bus and subway systems. The subway, or Metro, is clean and fast. Each line has its own color, which makes the system easy to understand. Most business visitors will find taxis easier (although not necessarily faster) if they are not familiar with the city's layout. Taxis now cost as much as in the rest of Europe. Drivers expect a tip, and few speak English, but they understand even a mangled version of Spanish street names. Taxis are white with a diagonal red line. They display a green light when they are free, and behind the rear window is a meter that, by law, must show when the driver is on or off duty.

Wining & Dining

Madrid businesspeople spend a lot of time in restaurants — and so they should, given that Spanish cuisine



ranks with the best. The most fashionable restaurants (though not necessarily the best) are crowded. Reserve a week ahead for some, at least a day ahead for all. Lunch and dinner tend still to be late: 1:30 p.m. at the earliest for lunch, 9:30 p.m. for dinner. Forget breakfast; the "power breakfast" hasn't yet caught on in Spain.

Choose Spanish wines if you are the host. They are ranked with the world's finest. Among them: Marques de Murietta, Marques de Riscal, and the white Monopol. And you cannot go far wrong if you order any red wine from the Rioja region. Meals are to be savored, not hurried; count on two hours at least.

Restaurant checks include a service charge; add 5 percent if you are happy.

Botín, Calle de Cuchilleros 17. Tel.: 366-4217. Near the Plaza Mayor. Old Madrid decor in this typical bodega specializing in roast pork and lamb. Cabo Mayor, Juan Ramon Jiménez 37. Tel.: 350-8776. A well-planned menu featuring dishes from the Cantabria region. Merluza and pintada are specialties. Highly recommended. Open until midnight; closed Sundays.

Carmenita, Libertad 16. Tel.: 531-6612. A famous and typical Madrileñan restaurant serving classical dishes. Closed on Sundays. Club 31, Alcalá 58. Tel.: 531-0092. One of the best;

Spanish and French cuisine, with fresh, seasonal products a specialty. Closed in August.

El Olivo, Georral Gallejos 1 / Esquina Juan Ramon Jiménez 37. Tel.: 359-1535. A restaurant dedicated to olive oil — 70 varieties. Try the quartet of salt cod or monkfish with black olive sauce. Some 100 sherries. Closed Sundays.

Jockey, Amador de los Rios 6. Tel.: 319-2435. One of the best. Superb service and decor. Try the shellfish. A fashionable hangout. Open until midnight. Closed weekends, holidays and August.

Juliao de Tolosa, Calle Cava Baja 18. Tel.: 365-8210. A new restaurant that has a clientele of politicians, artists and journalists. Basque dishes include bacon, blood sausage and cabbage.

La Basílica, Calle de la Bolsa 12. Tel.: 521-8623. The food is good, but people go as much for the unusual surroundings — the restaurant is located in a converted chapel.

La Dorada, Orense 64. Tel.: 570-2002. High-quality seafood, salted and dried fish, and stews. Andalusian specialties. Open until midnight; closed Sundays.

Posada de la Villa, Cava Baja 9. Tel.: 366-1880. In the old quarter and decorated in Castilian style. Lamb is the specialty. Closed Sunday evening and August.

Príncipe de Viana, Manuel de Falla 5/Dr. Fleming 7. Tel.: 457-1549. Situated near the football stadium and congress center, this elegant restaurant serves grilled fish trotters and delicious fresh cod. Closed Saturday lunchtime, Sundays, Holy Week, and August.

Sacha, Juan Hurtado de Mendoza 11. Tel.: 345-5952. Excellent Catalan cuisine, which means plenty of tasty fish and piquant stews. Solicitous service. Closed Sundays and holidays.

Taberna del Alabardero, Calle Felipe V 6. Tel.: 547-2577. A typical tavern near the Opera noted for superb seafood.

Viridiana, Juan de Mena 14. Tel.: 523-4478. Experimentation reigns in this controversial restaurant. Recommended: sweet sea bass. Closed Sundays.

Zalacain, Alvarez de Baeza 4. Tel.: 561-4840. Probably the best restaurant in Spain. A wide variety of dishes ranges from lasagna with foie gras to excellent steaks. Situated in the ministerial area at the top end of the Paseo de la Castellana. Very expensive. Closed Saturday lunchtime, Sundays, Holy Week, and August.

Calling Around

Once an international laughingstock, the Spanish telecommunications system is now improving. The privatized telecom company, Telefónica, has given priority to big cities and to international calls, so don't be surprised if it is easier to call Cleveland than it is to reach a number in a small Spanish town.

• Country code: 34. City code: 1.
• Police: 092.
• Medical emergencies: 061.
• Lost property: 588-4346.
• Airport: 305-8344.
• Tourist office: 429-3177.
• Railway information: 563-0150.

Excerpted from the "International Herald Tribune Guide to Europe" (third edition, NTC Publishing) by Alan Tillier and Roger Beardwood.

ITT Sheraton's Spanish Palace

THE ELEGANT BELLE EPOQUE Palace Hotel in Madrid is part of The Luxury Collection, a unique assembly of 48 of the most exclusive hotels in the world recently brought together by ITT Sheraton.

Commissioned by King Alfonso XIII to host great events and royalty, the monumental 89-year-old Palace is an institution in the Spanish capital. Once a favorite of Ernest Hemingway and his cohorts, it has seen a long parade of celebrities, politicians and royalty pass through its doors, including such luminaries as Pablo Picasso, Sarah Bernhardt, Orson Welles, and even Mata

Hari. Salvador Dali liked to sashay through the Palace's magnificent rotunda leading his pet ocelot on a leash. To this day, the hotel is the center of Madrid's social and cultural life.

The Palace has a stellar location in the heart of the city, right across the street from the Prado and the Thyssen-Bornemisza museums and next to the Parliament building.

The hotel's restaurants, the Venetian-style La Cupola and the late-night Ambigú, are renowned for their fine cuisine, and the Plaza Restaurant serves magnificent and bountiful buffets.

Monastic Luxury

For the perfect escape from the hectic pace of the Spanish capital, try the charming Hotel Santa María de el Pórtico. Only 60 miles from Madrid, it could be in another world — high in the mountains, it is housed in a 15th-century monastery. Its facilities, however, are far from monastic, with two restaurants, an outdoor swimming pool, tennis courts and a wedding chapel.

Hotel Santa María de el Pórtico. Tel.: (34-1) 889 1011. Fax: (34-1) 889 1096.

a popular meeting place for both locals and hotel guests, and the Rotunda, with its famed crystal dome, is the height of elegance for meetings or afternoon tea.

The Palace's facilities meet the high standards of the Luxury Collection, with 455 traditionally decorated rooms and 20 luxurious suites, more than 40 boutiques, meeting facilities that can accommodate up to 1,000, and a business center with secretarial services.

Palace Hotel: Plaza de las Cortes 7, 28014 Madrid. Tel.: (34-1) 429 1302. Fax: (34-1) 420 0056.

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"BUSINESS TRAVEL WITH ITT SHERATON" was produced in its entirety by the Advertising Department of the International Herald Tribune. PROGRAM DIRECTOR: Bill Mahler.

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BLACK MEN'S MARCH: A Million Different Messages

Farrakhan Dons Mantle of Healer

His Speech Was Harsh, Yet Conciliatory to Some

By Terry M. Neal
Washington Post Service

WASHINGTON — Louis Farrakhan, leader of the Nation of Islam, used a pulpit on the steps of the U.S. Capitol and one of the largest rallies ever assembled there to proclaim his legitimacy as a messenger of God and a healer of America.

Given a unique moment to speak to all America, Mr. Farrakhan wove a complex message in a two-hour speech.

As promised, he preached extensively on the need for atonement and redemption, drawing on broad cross-denominational themes of the Bible and the Koran. But he also spent a good amount of time talking passionately about how the vestiges of white supremacy continue to tear apart the United States.

He had harsh words for ancient and modern white political leaders, from Washington, Jefferson and Lincoln to Newt Gingrich and Bob Dole.

"Here's the carcass, the remains of a once-mighty people, dry bones in the valley, a people slain from the foundation of the world," Mr. Farrakhan told the crowd.

"But God hath sent the winds to blow on the bones. One of those winds is named Gingrich, and the companion wind is named Dole. But we've had enough now. This is why you're in Washington today."

He returned again and again to President Bill Clinton's oblique but unmistakable criticism of him earlier in the day, when Mr. Clinton said, "One million men do not make right one man's message of malice and division."

To Mr. Clinton, Mr. Farrakhan said, "Sir," he said, "with all due respect, that was a great speech, you made today. And you praised the marchers, and they are worthy of praise. You honored the marchers, and they are worthy of honor. But, of course, you spoke ill, indirectly, of me as a purveyor of malice and hatred."

Mr. Farrakhan took over and rebuilt the Nation of Islam in the mid-1970s a year after the death of its founder Elijah Muhammad. On Monday, he spoke to a live and televised audience larger than Muhammad or the nation's other former and famous member, Malcolm X, ever did.

He stressed that, like him or not, all Americans had to re-

spect the fact that he was a leader of major moral force. He said that he understood that he was an imperfect human, but that like other great people in history, that fact should not detract from his message.

"You can't separate Newton from the law that Newton discovered, or can you separate Einstein from the theory of relativity. It would be silly to try to separate Moses from the Torah or Jesus from the Gospel or Muhammad from the Koran."

The call to the march came by God, through him, Mr. Farrakhan said.

"You came not at the call of Louis Farrakhan. But you have gathered here at the call of God. For it is only the call of Almighty God, no matter through whom that call came, that could generate this kind of outpouring."

"We are not here to tear down America," he declared at one point. And he extended an olive branch to Jews, who have called him a virulent anti-Semite, and to black organizations, such as the NAACP and Urban League, which refused to endorse the march.

He called on Jews to sit down with him and other black leaders "with no preconditions."

"You've got pain, but we've got pain too," Mr. Farrakhan said, his voice low and pensive. "You hurt, but we've got hurt, too. Ending the pain might be good for both of us and ultimately good for the nation."

Of black organizations that did not endorse the march, he said: "I know that the NAACP did not officially endorse this march. Neither did the Urban League. But so what? So what? Many of the members are here anyway."

Adopting a tone reminiscent of the Christian right, Mr. Farrakhan said blacks must avoid immoral music and other entertainment, foul language and other vices.

And he told blacks that their energy was wiser spent doing something positive rather than "bashing" whites.

"If we start doing the black community with businesses, opening up factories, challenging ourselves to be better than we are, white folk, instead of driving by using the 'N' word, they'll say, 'Look, look at them. Oh, my God. They're marvelous. They're wonderful. We can't — we can't say they're inferior any more.'"



Louis Farrakhan, the leader of the Nation of Islam, addressing and exhorting hundreds of thousands of marchers on the Mall in Washington.

Rally and Its Response Sharpen the Divisions of Race

By David Maraniss
and Thomas B. Edsall
Washington Post Service

WASHINGTON — The oomph, in the end, seemed beside the point. Who was to say that aerial maps and engineering grids were more valid than the old man who rode the bus at night from Cleveland and counted noses from his sunbaked perch on the steps of the National Gallery?

It is part of the tradition of mass demonstrations that people look at the same crowd and

see vastly different things. That is even more true of race relations in America.

Combine those two tendencies and the result is trying to quantify the unquantifiable, which is the essential riddle of the "Million Man March" on Monday.

Here was a brilliantly clear day clouded by contradictions, the most obvious of which stood at the center of the event: a day of atonement and reconciliation organized by Louis Farrakhan of the Nation of Islam; whose climactic speech

began with a sharp attack on Washington, Jefferson and Lincoln, the three giant figures of American history memorialized along the same Mall from which Mr. Farrakhan spoke.

From there, Mr. Farrakhan went on for more than two hours, charging at nine points that white supremacy was at the root of America's suffering and had produced "a sick society and a sick world."

It was Mr. Farrakhan's contentious history that led many to denounce the Million Man March and wish that it would not succeed or in any way be compared to the landmark March on Washington graced by the Reverend Martin Luther King Jr.'s idealistic speech 32 years ago.

Yet another notable contradiction Monday was the apparent gap between Mr. Farrakhan's rhetoric and the mood of the gathering in the hours leading up to his address.

Mr. Farrakhan's followers and separatists seemed vastly outnumbered by middle-aged professional black men who traveled to Washington, out in answer to the fiery minister's call but because of their own diverse longings.

There was a decidedly joy-

ous if not frivolous air to the proceedings.

Men came with cameras and camcorders draped around their necks and posed for pictures in groups of six and eight. Comfortably clad in tennis shoes, sweatshirts and baseball caps, many of them roamed the streets as if they were at a college reunion, stopping only occasionally to listen to the speeches until the end, when the Reverend Jesse L. Jackson and then Mr. Farrakhan took the stage.

Viewed from a cultural and sociological perspective, there was a certain momentum, if not inevitability, to the Million Man March that had little to do with Mr. Farrakhan.

Just as the 1963 march was

held at a critical early point in that era's civil rights movement, the rally Monday came at a time when race relations had returned to the forefront of the national debate.

The O. J. Simpson trial and verdict, the accounts of police brutality in Los Angeles and Philadelphia, the dramatic surge in popularity of Colin L. Powell as a possible presidential candidate, President Bill Clinton's rhetorical search for common ground, the congressional debate over welfare and immigration, the cycle of drug use, crime and violence in the inner cities — all of these factors seem to have combined in the public consciousness in recent months to form a critical mass.

Each factor, analyzed separately, leads in a different direction, which is part of the larger contradiction so apparent Monday.

The Simpson trial was a constant source of discussion among the men gathered on the Mall and was broached occasionally by speakers, who questioned why white America responded so bitterly to Mr. Simpson's acquittal.

A popular T-shirt at the event read: "Fuhrman lied, Darden cried, Cochran talked and O. J. walked!"

At the same time that the black men were gathering in Washington, Mr. Powell, the most popular black man in America today — among

whites, at least — was signing copies of his autobiography at a bookstore in Manhattan.

The line to get his autograph stretched in a giant rectangle along a long city block. Many people in the crowd, black and white, were wearing "Powell for President" buttons.

Earlier in the day, during a television interview, Mr. Powell had placed Mr. Farrakhan's form of racism in the same category as that of the former Los Angeles police detective Mark Fuhrman, the notorious witness of the Simpson trial.

"We've come too far in this country," he said. "We can't go back into the swamp of racism, whether it comes from Minister Farrakhan or Mark Fuhrman."

A Dispute Over the Numbers

New York Times Service

WASHINGTON — At noon, the Reverend Benjamin Chavis announced that 1 million black men had gathered on the mall. By the time Louis Farrakhan spoke in the crowd in late afternoon, he said there were a million and a half to two million.

But the U.S. Park Service, which handles demonstrations and gatherings on the Mall, officially estimated the crowd at 400,000 people.

Such drastic differences in estimates are common. Organizers routinely report larger numbers than the official estimates.

Organizers usually just estimate how many people are present, while Park Service officials take aerial photographs, then overlay the photos with a grid that helps them calculate the number of square feet occupied by the crowd. It calculates the crowd density in those areas to come up with its estimate.

But Mr. Chavis said march organizers had hired an architectural firm to develop a grid system for their count.

MARCH: Inspiration, Presidential Politics and Anger

Continued from Page 1

Mr. Farrakhan without mentioning the president.

Several leaders of Jewish groups called on black leaders and the nation's political leaders to repudiate Mr. Farrakhan, even while praising the stated goals of the rally.

Rabbi Meitoff said those goals — "in terms of the community taking responsibility for its future and empowering that community — are to be applauded." But he and others expressed grave doubts about Mr. Farrakhan's sincerity when he called on Jews to sit down with him and other black leaders, "with no preconditions," in a search for reconciliation.

Robert Rifkin, president of the American Jewish Committee, said on the "Today" show on NBC: "A man who still promotes racism, bigotry, anti-Semitism is not someone we're going to be keen to sit down and talk to."

The rally Monday was the fourth-largest demonstration in Washington history, and its largest predominantly black gathering. In 1963, 250,000 people gathered for a civil rights rally at which the Reverend Martin Luther King Jr. delivered his "I have a dream" speech.

Alvin Thornton, a professor of political science at Howard University, a predominantly black institution in Washington, said the Million Man March will have more than a fleeting impact on black political unity and clout.

He said the range of black leaders who attended the rally was wider than anything seen since the early 1970s, ranging from traditional mainstream politicians to outspoken black separatists. If the bonds forged among these leaders last beyond the end of the rally, Mr.

Thornton said, it could have a major impact.

Mr. Farrakhan, he said, has embraced many issues that are far from controversial: a call for a return to religion, for voter registration and political participation, and for the development of economically vibrant black communities.

He said Mr. Farrakhan's offer of mediation with Jewish leaders was significant, not merely rhetorical.

"I think he's saying to himself, 'I've got to see some conclusion to something, and staying on the periphery isn't going to do it.'"

Faces in Crowd: Upscale Profile

Washington Post Service

WASHINGTON — The black men who came to Washington to march were younger, wealthier and better educated than black Americans as a whole, according to a Washington Post poll of participants.

They also were far more willing to see the Nation of Islam leader, Louis Farrakhan, assume a more prominent leadership role in the African American community.

The survey of 1,047 march participants found that three-fourths came from outside the Washington region — and nearly half came with sons, fathers or another close family member. More than half said they came primarily to show support for the black family or to support black men taking more responsibility for their families and communities. One in four came to show black unity.

BOOKS

JOHN WAYNE, AMERICAN

By Randy Roberts and James S. Olson. 738 pages. \$27.50. The Free Press.

Reviewed by Pat Dowell

FROM The Citadel to the Los Angeles Police Department, John Wayne's name is still invoked to describe a certain attitude toward right and wrong, male and female, America and the world. It's been 16 years since he died of stomach cancer, but he still stares out of pages in this week's magazines, the slightly skeptical, somewhat naked eyes gazing forth from ads for collectors' plates.

It was inevitable in the newly conservative atmosphere in the United States that Wayne would surface as a subject for celebratory scholarship. This

movie star and cultural phenomenon, one of the most politically potent symbols produced by Hollywood, has long been the subject of partisan wrangling, and these biographers join right in. Roberts and Olson are professors at Purdue and Sam Houston State Universities, respectively, and they start their prodigiously researched life of Wayne — the best yet to appear — by setting up a straw man called "the cultural elite," a mythical entity that is conveniently monolithic and eager to play the villain for whatever slight their subject has endured.

The cultural elite is a handy excuse in their book for many of the setbacks Wayne experienced as his career wound down after 1960.

No matter how dated this may look in a decade, the work

will still be consulted on the facts of the actor's life and career. Despite their manifest political bent, the authors have been diligent and have addressed the small questions and the big ones, most notably why America's ideal soldier never saw service in World War II.

Wayne later claimed that a football injury had kept him out, but the authors track down the probable truth through records and correspondence.

Wayne spent nearly 10 years in the B-Western trade, until stardom came at last in the John Ford film "Stagecoach" in 1939. To enlist in 1942 meant to risk all his new-found fame and growing wealth, and besides, as a father in his 30s, he was entitled to a deferment. Many in Hollywood waived deferments, but the poor kid whose dad had tried to dirt-farm the Mojave Desert did not take the chance. Others risked all and some returned to public indifference. Some were supplanted by Wayne himself, who took his deferments until a fact became a moot point, a fact he was ashamed of for the rest of his life.

Roberts and Olson suggest that Wayne's subsequent anti-Communist fervor was his way of making sure he joined the battle this time. As for the blacklisting in which Wayne took such an active role, the authors write that he "was a provocative, outspoken but non-ideological conservative who only reluctantly entered the political fray in 1949 when that fray was impossible to ignore." They point out that Wayne was often more generous than his colleagues, arguing for rehabilitation for some Communists when his actor pal Ward Bond, for example, was wrecking careers.

But he did try to quash leftist politics in film and worked to get his own rightward ideas on to the screen. During the Vietnam War he concocted "The Green Berets," which proved very profitable propaganda.

He was outspoken off screen as well, and it is a delicious minor irony of his career that at least once he had to pay for it as he had made others do. In the 1960s, the authors recount, Wayne was offered the role of narrator for the television show "The FBI Story." J. Edgar Hoover, after a background check, refused to approve him.

Wayne's erstwhile membership in the John Birch Society was the reason, even though he had given up on the organization after it denounced fluoridation of water supplies as a Communist plot.

In later years Wayne seemed a superannuated symbol of ancient American values, but "those who hope to understand America must understand John Wayne's appeal," the authors write, and they are correct.

It was Ford who understood the conflicts within Wayne, that tension between a man's duty to his community and his ultimate loneliness as a keeper of patriarchal law. For 25 years, John Wayne stayed in the box office Top 10 by acting out that conflict, while in the world beyond society was fracturing into something altogether different. Or was it? Perhaps, as the authors insist, the changes Wayne fought against were a brief aberration. The phenomenon of John Wayne will remain a cultural touchstone in sorting it out.

Pat Dowell, who reviews movies for the Army, Navy and Air Force Times, wrote this for The Washington Post.

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INTERNATIONAL

Croatia Troops Head Toward Serb Area

Officials Fear an Offensive and New Spiral in Balkan Conflict

By Chris Hedges
New York Times Service

ZAGREB, Croatia — Croatia has moved thousands of troops over the past few days in what Western diplomats and UN officials say may be the prelude to a military campaign to seize the last slice of Croatian territory remaining in Serbian hands.

A move to retake the region, known as eastern Slavonia, these officials say, would risk drawing the formidable army of Serbia into a new spiral of Balkan conflict and add tens of thousands of people to the masses of refugees in the region.

Diplomats say a new Croatian offensive would be a major setback to the peace talks that have led to a truce in the fighting in neighboring Bosnia and produced the rough outline of a settlement in the Balkans.

"It is clear that this is coming to a head," said a senior Western diplomat. "It will either be resolved peacefully in the next six weeks or militarily."

Eastern Slavonia, a wedge of Croatia prized for its rich farmland and oil prospects, was taken by the Serbs in 1991 in vicious fighting, driving many longtime Croatian residents from their homes, and it has become an emotional symbol for Croatian nationalists.

The fate of the territory has remained a major obstacle in regional peace talks orchestrated by the United States.

President Franjo Tudjman of Croatia said at a conference of his ruling party on Saturday that the retaking of eastern Sla-

vonian was "a top priority either by peaceful or other means."

While the United States has urged the Croatian Serbs to give up control of the land in exchange for promises that Serbs would be allowed to live there, the region's recent history of expulsions has left them with little faith in such promises.

And while U.S. officials have publicly called on Croatia to seek a political solution to the conflict, they have also failed to impose punitive measures following Croatia's ruthless recapture this summer of the Croatian Serb region known as Krajina and the expulsion of more than 120,000 Serbs.

The U.S. ambassador to Croatia, Peter Galbraith, who has led a negotiating effort to try to resolve the dispute in eastern Slavonia peacefully, has been stymied in recent days by what officials close to the talks call Croatia's "intransigence."

Mr. Galbraith is warning the Croatian Serbs that they are "running out of time," according to a diplomat who was at the meeting on Monday. Late Monday night, Mr. Galbraith said a Croatian assault "would disrupt the peace process."

"We are very engaged in a diplomatic process whose goal is to bring about a settlement within Croatia in which the Serbs in eastern Slavonia remain with all their rights," he said.

But increasingly the debate among diplomats and UN officials in Zagreb centers on the Croatian timetable, not on Croatian intentions.

UN officials said Monday that about

2,500 Croatian troops previously based on the Adriatic coast were believed to have moved toward the Slavonia region. They included the Tiger brigade, an elite unit that spearheaded the Croatian drive into the Serbian-held Krajina region in August.

These officials said sections of a mechanized tank unit, with some 30 tanks and other armor, were now within about 20 kilometers of eastern Slavonia.

The Serbian leadership in eastern Slavonia has called for a general mobilization, closed the schools and advised the region's 140,000 inhabitants to expect an attack.

The Croatian authorities, apparently preparing residents in the area along the frontier between Croatia and Slavonia for artillery attacks, have fortified all buildings with sand bags, cement blocks and bricks, officials said.

Western officials said the Croatians may postpone an attack until after the parliamentary elections, scheduled for the end of this month, and perhaps until the expected departure of UN forces in November. But few officials in the Croatian capital doubt that the troops will soon go in.

UN officials and Western diplomats said that Mr. Tudjman appeared intent on creating a state where Serbs constitute a politically insignificant minority.

These officials said that the Croatian Serbs who left the Krajina region had not been allowed to return, that Serbian villages and homes in Krajina continue to be burned and that more than 120 of the 3,500 elderly and infirm Serbian civilians who remained behind have reportedly been killed in the last two months.

Soberly, Contact Group Speeds Efforts

Reuters

MOSCOW — The five-nation Contact Group on the former Yugoslavia said Tuesday that it was accelerating peace efforts, but added that the road to success was littered with obstacles. Russia's role in carrying out a settlement remained undecided.

"We are all aware of the many and difficult problems we have to settle before peace can be restored," a Russian first deputy foreign minister, Igor Ivanov, said at a joint news conference after a Contact Group meeting in Moscow.

"We intend to continue our work," he

said. "Today we raised more questions than we were able to resolve."

The group — made up of Britain, France, Germany, Russia and the United States — failed to resolve differences over Moscow's role in an international peace force being put together by the NATO military alliance.

"These issues are very difficult," said the U.S. negotiator, Richard C. Holbrooke. "They are not yet fully resolved. They are without precedent."

Moscow has ruled out the participation of its troops under the sole command of NATO. But Washington has rejected a Russian proposal for joint or rotating command between Moscow and NATO.

A Western diplomat said it would be a setback for the peace process if a role was not found for Russia in a NATO-centered force.

"Russia is most concerned about political control, commander control and use of force," he said.

Mr. Ivanov, who led the Contact Group meeting, said the Moscow talks were a prelude to an international conference on the conflict in the former Yugoslavia.

"Our assumption is that the final outcome of the international conference will be the signing of a document that will

provide a solid foundation for the peace process in the Balkans," he said.

■ **U.S. Military Lists Risks**

The top U.S. defense and military officials told Congress on Tuesday that sending 20,000 U.S. troops to enforce peace in Bosnia would entail risks that were incalculable. The Associated Press reported from Washington.

But Defense Secretary William J. Perry said that the NATO force with a sizable U.S. contingent "will be the biggest, toughest and meanest dog in town."

And General John M. Shalikashvili, the chairman of the U.S. Joint Chiefs of Staff, told the Senate Armed Services Committee that 2,000 to 3,000 reserves would very likely be called up as part of the U.S. force of 20,000. He added that he hoped the American contingent could be "downsized" before the year during which they will be deployed runs out.

Most of the senators remained critical. Only two, John Glenn of Ohio and Charles Robb of Virginia, both Democrats, explicitly supported President Bill Clinton's peacekeeping strategy, and Mr. Robb joined with a half dozen others in urging that the president seek congressional approval first.

Nairobi Police Quell Riot

The Associated Press

NAIROBI — Paramilitary police moved into a slum here to quell two days of ethnic rioting that left at least one person dead and scores of others injured.

Youths from the Luo and Nubian communities battled during clashes that began Sunday in the Kibera slum. Homes and stores were burned. The fighting reportedly was triggered by the discovery Sunday of the body of a young Nubian man who had disappeared.



Clutching her bloodied hand to her injured chest, a Palestinian woman enters an auto en route to a hospital in Ramallah after being hurt Tuesday by an Israeli concussion grenade.

HAMAS: End to Terror?

Continued from Page 1

estonians who watch them closely, now fear irrelevance more than compromise and are unwilling to opt out of the first democratic contest for power in Palestinian history. The vote could come as early as Jan. 22.

"Hamas is coming to Arafat from a position of absolute vulnerability," said Iyad Sarraj, a psychiatrist and political independent who heads a commission in Gaza on citizens rights. "People are starting to think for the first time that this peace treaty is really serious. We are moving toward the West Bank. Hamas was living on the despair of the people and I think they understand that they are on the fringe."

Mr. Arafat has demanded that Hamas call a cease-fire against Israel as his condition for a deal under which Hamas prisoners would be released, he would relax his grip on the mosques and Hamas would be permitted to hold seats in the new legislature and cabinet.

Under the deal, Hamas would maintain its right to oppose peace with Israel by lawful political means.

But any renunciation of violence, and any participation in a self-rule authority that owes its very existence to the deal with Israel, would mark a watershed change for Hamas — an end to the uncompromising stance that was its principal appeal.

On Monday, in a sign of continued progress, Mr. Arafat released Sheikh Ahmed Bahar from prison, the second prominent Hamas leader to be released in as many weeks.

There are reasons to doubt that a pact with Mr. Arafat would halt the violence. Hamas leaders in Damascus and Amman have taken a markedly more skeptical tone than the organization's leadership here,

Paris Urged Toward EU Unity

By Alan Friedman
International Herald Tribune

PARIS — Jacques Delors, the former European Commission president, warned against isolationism on Tuesday and urged France to show greater commitment to European integration.

In an address to a conference here organized by the International Herald Tribune and the French Institute for International Relations, Mr. Delors stressed that clear leadership was needed in France in order to give more direction to building a united Europe.

"Europe is a political choice,

We need more mutual comprehension and more cooperation," he said during his first speech in France since leaving the European Commission last January.

Later Tuesday, in an interview, Mr. Delors emphasized that President Jacques Chirac "makes a mistake if he thinks Europe can be just a free trade area." The risk of failing to seek closer European ties, said Mr. Delors, is that Germany would be pushed into a deeper relationship with the United States.

"Germany needs an answer from France," he said. "Germany really has the choice between two solutions, the European

Union or a special relationship with the United States."

Speaking at the same conference, Foreign Minister Hervé de Charette reiterated France's determination to reach a single currency in conjunction with Germany by 1999 under terms of the Maastricht treaty on European Union.

As evidence of French commitment, he said that the government had now accepted German-sought linkage between stronger machinery for political cooperation among EU member states and Germany's relinquishing of control over the Deutsche mark.

FED: Report of Bailout Offer Underscores U.S. Fears for Japanese Banks

Continued from Page 1

the past few weeks, for instance, some Japanese institutional investors have grown so concerned that they are looking for ways to take out insurance to protect themselves from a plunge in the value of the bank stocks they hold. (Page 19.)

Representative Jim Leach, Republican of Iowa, chairman of the House Banking Committee, said Monday night that he had recently been briefed by the Fed on the arrangement, which he praised as a prudent precaution. He said that it was virtually risk-free, unlike the American-led bailout of Mexico, because the Federal Reserve Board would be accepting Treasury bonds and Treasury bills in exchange for the cash.

The deal would also allow Japanese financial authorities or big banks to raise immense amounts of cash without potential disruption of financial markets and soaring interest rates that might accompany any Japanese move to dump huge numbers of Treasury securities.

But the Japanese newspaper Asahi Shimbun reported last Thursday that the Japanese government might borrow money from the Fed using Treasury securities as collateral. Japan's central bank denied the report Monday as wrong, but did not elaborate.

The Japanese banking industry has suffered a spate of bad news lately, ranging from the failure of five financial institutions in the last year — two last month — to disappointing creditworthiness ratings

by Moody's Investors Service to the disclosure of a colossal \$1.1 billion loss at Daiwa Bank Ltd. from unauthorized trading in New York.

Over the last few months, officials at the Fed and the U.S. Treasury Department have tried to work behind the scenes with their Japanese counterparts to stabilize the situation, while minimizing their worries in their public comments out of a fear of driving money away from Tokyo.

Even so, foreign banks, concerned about Japan's banking crisis, are trimming credit lines to Japanese financial institutions, raising the risk of a potential liquidity squeeze.

"There appear to be many banks that are facing great difficulty in raising foreign funds," Izumi Tagawa, a spokesman for Chuo Trust & Banking Co., said Monday. Mr. Tagawa then quickly said that his own bank, which is turning a profit mostly from stock sales, was not experiencing financing problems overseas.

Some Japanese financial institutions have recently been forced to turn for help to the country's biggest banks. In some cases they have had to take their yen deposits and convert them into U.S. dollars to meet financial obligations overseas, Japanese and foreign bankers and analysts said in interviews in Japan.

Mr. Leach, one of the Fed's closest allies on Capitol Hill, hinted at the arrangement during his opening remarks at a hearing he called Monday on the Japanese banking industry, which is struggling to cope with at least \$400 billion in bad loans.

Fed officials refused to comment. Treasury Department officials would also not comment.

It was not clear Monday whether Japanese authorities would have to sell Treasury bonds and bills to the Fed with no hope of recovering them.

The alternative would be for the Fed to lend cash to the Japanese central bank while holding the Treasury securities as collateral.

Mr. Leach said that no legislation would be needed to carry out the Federal Reserve's arrangement and that he did not expect any serious criticism of the plan in Congress.

"It's an understanding with Japanese banks and authorities — it is not anything beyond the power of the Fed," he said. "It is patently reasonable; I don't think there would be any objection."

■ **More Hearings Possible**

Mr. Leach said U.S. legislators could set up a small committee to hold more hearings on how mismanagement led to unexpected losses at Daiwa Bank's New York branch, Bloomberg Business News reported from Tokyo.

Mr. Leach made the comments to Japan's NHK television Monday following expert testimony in Congress about Japan's banking system.

He also urged Japan to start providing more information on the financial state of troubled banks to depositors.

Of all industrialized nations, he told NHK, "Japan has the least transparent system."

BARINGS: Singapore Inspectors Say Bank Could Have Avoided Collapse

Continued from Page 1

tion of about 115 million Singapore dollars by Mr. Leeson and tried to divert investigations into the matter by external auditors.

Both Mr. Norris, who visited Singapore shortly before the collapse, and Mr. Bax denied any such involvement but the inspectors said that they were unable to accept the denials.

Singapore's Finance Ministry said Tuesday that the Commercial Affairs Department had been instructed to study the findings of the inspectors.

The department, which combats white collar crime, is already undertaking its own investigations into Baring Futures, including any possible criminal acts by persons in Singapore.

The ministry said that the department would decide, in consultation with Singapore's attorney-general, whether there were grounds to prosecute any such persons. The department will hold a press conference on Wednesday where it is expected to announce any further steps it plans to take.

The two inspectors — Michael Lim Choo San and Nicky Tan Ng Kuang, both partners of Price Waterhouse accountants — were asked by the Singapore government to investigate the circumstances leading to the collapse of Barings.

The Finance Ministry said that they had reviewed several thousand pages of primary documents and conducted numerous interviews in England, Singapore, Japan and Hong Kong with Barings senior management and others who could provide information about the group.

In their 183-page report, the inspectors said that the "vast sums of money" lent to Baring Futures at Mr. Leeson's request should have attracted close scrutiny by the Baring group's Asset and Liability Committee in London.

Members of the committee included Mr. Norris, George Maclean, head of banking, Geoffrey Barnett, chief operating officer, Ian Hopkins, director of treasury and risk, Ron Baker, head of financial products, Geoffrey Broadhurst, finance director, and Anthony Hawes, treasurer.

Instead, the report said that "the preoccupation of these meetings was to arrange adequate funding lines to meet Mr. Leeson's large requirements, rather than to investigate the causes underlying these requirements."

It said that when the committee finally decided to ask Mr. Leeson to reduce his positions trading mainly on behalf of the bank, the decision was "never effectively implemented."

The report noted that by the end of

1994, Mr. Leeson was thought to be one of the major contributors to Barings profits.

The report also said that the Bank of England failed to take action to prevent Barings trading exposure in Asia for the quarter ending Dec. 31 from exceeding 75 percent of the group's capital funds, when the applicable limit was 25 percent.

The British government has released its own report on the collapse of Barings, which was ultimately rescued by Dutch financial group Internationale Nederlanden Groep NV. But the British lacked access to some documents and information the Singaporean side had.

Singapore's Finance ministry said that by placing Mr. Leeson, 28, in charge of both trading and settlement operations, Barings had breached a fundamental principle of proper internal control that responsibility for these functions should be separated.

It said that this lapse was compounded by Mr. Leeson's "total lack of trading experience prior to his posting to Singapore" in April 1992.

The Singapore report did not criticize the role of Simex in the Barings affair, but noted that it was "tempting to suggest with the benefit of hindsight that Simex placed undue reliance on the Barings name and the assurances given in that name."

COURT: European Body Strikes Down German Hiring Quota for Women

Continued from Page 1

on sexual and racial equality, which encourages training and other measures to overcome discrimination but rejects quotas.

The reaction was more muted in Germany, where coincidentally the Christian Democratic Union of Chancellor Helmut Kohl was debating a motion at its annual conference in Karls-

ruhe to require at least 30 percent women in all party bodies and parliamentary delegations.

Claudia Nolte, the German minister for family and women's affairs, cautioned that the ruling only applied to quotas and would not affect federal legislation that requires government agencies and state-owned entities to draw up plans to encourage women employment.

The court ruled on the case of Eckhard Kalanke, a parks employee in Bremen who was passed over for a promotion in favor of a woman. The Bremen law states that in cases where a male and female candidate are equally qualified and fewer than half the workers in that job category are female, then the woman should receive the job or promotion.

The 1976 EU directive on equal rights for men and women allows governments to violate the principle of equal treatment in order to remove "existing inequalities that affect women's opportunities." But the European Court said Bremen's law exceeded the directive's leeway by mandating a result, namely 50-50 job parity between men and women.

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Alan Bates, at left, as Solness in a scene from "The Master Builder"; Rufus Sewell as the suspect Irish bomber Roche in "Rat in the Skull."

'Rat in Skull': Tense Look at 2 Faces of Ireland

By Sheridan Morley
International Herald Tribune

LONDON — To open a season of Royal Court Classics at the Duke of York's, one might have expected a play with a particular debt to that theater, or one centrally associated with the history of it. In fact, Ron Hutchinson's "Rat in the Skull" would have worked just about anywhere and perhaps best of all on television. It's a taut, tense four-character power play set in a London police station at the height of the Irish bombings a decade ago. It seems at first deliberately perverse of the director Stephen Daldry to have ripped out the stalls of the theater and put up a set (designed by William Dudley) reminiscent of the sound stage of a Spencer Tracey prison movie from the 1930s.

And sure enough, for the early scenes, that set is the star. But gradually Rufus Sewell, as the suspect bomber Roche, and Tony Doyle, as the specialist interrogator from the Royal Ulster Constabulary, come together as the two faces of Ireland, locked into a ritual and tribal war of territory and attrition going back not just decades but centuries.

Hutchinson's genius here has been to write a police thriller and a history of the Irish troubles that plays less than two hours. "We are about to land in Belfast, please set your watches back 300 years" as the play's best joke neatly has it.

Daldry's determination to make what was once an intimate confrontation into an epic event sometimes backfires, as our attention starts to wander to the gaudy and flashing lights that surround the set. But such is the dangerous power of Sewell and Doyle, joined at the hip by Ireland's psychic death-wish as the two British policemen watch them with a characteristic mix of weary cynicism, that the focus always returns to the center of this nation-baring bearpit.

At the Theatre Royal Haymarket, Peter Hall's revival of "The Master Builder" is a curious disappointment. True, it gives us a powerful star turn from the newcomer Victoria Hamilton as the destructive, charismatic Hilde Wangel, but in the title role Alan Bates seems somehow absent, as though like his director he had decided that this might be a good play to do but then in rehearsal couldn't for the life of him remember why.

It has never been the easiest of the Ibsens, and anyone taking it on now still has to contend with the 1960s shadows of first Redgrave and then Olivier. But the heavy-handed symbolism of a man climbing up his own tower as a gesture of sexual solidarity is not much helped when that tower has been set on a revolving stage that appears to have been left over from the climax of an all-star Palladium pantomime just after the war. Something has gone very wrong here, and it is I think the lack of a

central thesis in a production of competence but not a lot else.

I am not suggesting that you now have to do any "Master Builder" on ice or under water or with songs; but given the familiarity of the text, there has to be some

LONDON THEATER

sort of balance between the idea of Solness as a kind of successful Peer Gynt, a man whose dreams have all come true but who is now in terror of waking up to old age, and the notion that he has simply set himself up for easy destruction at the hands of any halfway capable sex-child who drifts in with the wind.

It is the women who dominate: Not just Hamilton but Gemma Jones in equally stunning form as the neglected wife, seeking in her dolls the replacement for her dead children. Hall finds with them moments of great poignancy. Bates has yet to take the full measure of Solness or to find a way of making us care about his fall.

Anyone who cares about the British theater of the 1930s owes a tremendous debt of gratitude to Sam Walters at the Orange Tree in Richmond. At such better endowed addresses as the National, revivals from this period generally depend on the whims of a currently hot director or player, and are then usually subjected to that director's "vision" of what the play can be made to say to a "modern audience."

Walters does things mercifully differently. He discovers plays that work for an entire and often largely unknown cast, and then directs them as they would have been done at the time, without the ghastly, trendy overload of a '90s perspective.

First he gave us, long before the BBC or the National, the rebirth of Rodney Ackland. Now, in "The Maitlands," he gives us Ackland's no less important or intriguing contemporary Ronald Mackenzie, who was killed in a car crash just before his 30th birthday in 1933. This dramatist had only two titles; this one and "Musical Chairs," both of which originally considerably furthered the career of John Gielgud.

Like Ackland, Mackenzie was an English Chekhov. In "The Maitlands" he deliberately sets out the drunken professor, the bungled suicide, the lovelorn old man, the hopeless youth, and the yearning young woman and the old housekeeper, but translates them to an English seaside village. This hugely influential script, neglected for 60 years, is the bridge from Chekhov to Rattigan. It's about people unable to live apart or together, destroying each other out of love and loneliness in a country run by "men with the souls of cuttlefish," in short, a masterpiece of national and personal self-hatred, brilliantly staged and played.

Songwriter's 40 Years As 'Heart' of Vietnam

By Jon Lidén
Special to the IHT

HO CHI MINH CITY — If Ho Chi Minh symbolizes Vietnam's soul, with the determination and steely will power that made it win wars against China, France and the United States, Trinh Cong Son is its heart.

Some of Trinh Cong Son's songs were banned in both North and South Vietnam during the war, because they were said to destroy the will to fight.

But ironically, Trinh Cong Son succeeded in unifying the country in a way war and politics never were able to. His songs are sung and loved in the North as well as in the South. Even among the millions of exiled Vietnamese, Trinh is embraced as the lyricist who best puts their longing and their memories into words.

"Stop any Vietnamese on the street anywhere in the world, and he or she will be able to recite lines from some of Son's songs," said Ngo Van Tao, a friend and poet who has worked with him. Thin and frail, sitting with his guitar in front of huge audiences on South Vietnam's university campuses in the 1960s, Trinh Cong Son was nicknamed Vietnam's Bob Dylan. Like Dylan, he told his fans to mistrust leaders, and like Dylan, he has published more than 500 songs and is still writing and singing.

These days, one can most often find him at Tib, the restaurant in Ho Chi Minh City he owns with her sister who returned from exile in Canada to do business in the "new" Vietnam, where business is more important than ideology. Not only are recordings of his songs always played on the restaurant's music system, Trinh Cong Son himself often brings a guitar and sings his songs to the audience of well-to-do Vietnamese, overseas Vietnamese who are back for a visit and foreign businessmen.

Although his new songs are popular, in the minds of most Vietnamese, he represents the 1960s, as Bob Dylan does for most baby boomers.

"My first boyfriend played this song so beautifully," said a Vietnamese woman editor in Hanoi, breaking off a conversation to listen to a Trinh Cong Son tune on the car stereo.

"He was 16. Then he was drafted to the army and sent down the Ho Chi Minh Trail. He died on the way."

Born into an affluent family in 1939 in Hue in central Vietnam, Trinh Cong Son received a combination of a traditional

French education and a Buddhist Vietnamese one, both dominated by studies of literature and art.

All through his youth, the Vietnamese War for independence from the French was raging. It made him a staunch, though romantic nationalist, but he also quickly learned to hate war. An accident in 1958, which nearly left him paralyzed, made him drop out of his philosophy studies in Saigon and focus on his poetry and songs.

The melancholy and poetic songs were instantly embraced by Vietnamese on both sides of the war that pitched the North and South against each other in the 1960s and early 1970s. Trinh's tales of unrequited love, longing and nationalism were a much needed antidote to the harsh realities of the war.

In an interview, he mused over his 40 years as a chronicler of the Vietnamese's private feelings. "There is so much sadness in Vietnam," he said. "It always has been and it didn't end with the war. It is a country of suffering and the suffering colors the people."

"Trinh Cong Son has been able to give meaning to the suffering all Vietnamese have gone through. He has put words on the apocalyptic experience the war and its aftermath were for all Vietnamese," said his friend, Ngo Van Tao. Trinh's songs point out the futility of war and their pacifist message made them dangerous to the warring regimes in the North and the South.

In the past few years, however, the government has embraced Trinh Cong Son, including him in a book of revolutionary artists during the war.

This, and the fact that he stayed in Vietnam while most of the well-known South Vietnamese singers and songwriters, as well as most members of his family, fled the country, have led to accusations from some exiled Vietnamese that he is a Communist.

Asked about this, Trinh replied that he has never been interested in politics. He said, however, that while he often goes to Canada and the United States to visit family and friends, he rarely performs there, often feeling some hostility from anti-Communist exiled Vietnamese.

Why stay in Vietnam?

"Vietnam is the only place where I can live and create music," he said. "Abroad, I don't hear the music in my head. I don't hear the poems I write down. I like being abroad, but if I stay away too long, I dry up and die. The warmth of the people in Vietnam is like the water a flower needs to live."

Lagerfeld: Simple, but With Spark

By Suzy Menkes
International Herald Tribune

PARIS — The modernist perspective of Karl Lagerfeld put his collection on the right lines. It also showed how to keep things simple — without removing all the spark and the sparkle from the Paris runways.

Lagerfeld gave a lesson in fashion geometry. With a square and compass, he created

PARIS FASHION

contrasts of linear structure and soft roundness. That was emphasized by the steel girder and arch at the back of the runway and by the metal mesh that the models wore like wiry stoles around simple satin dresses.

The effect was modern, but not brutal, for the clothes took the body shape as their starting point. Silver shoes and thin chains lit up steel gray outfits, and tailoring also came in pale blue and flesh-pink colors.

The focus of the collection was on cut, with Lagerfeld's ever-inventive jackets bisected with seams or hanging straight and square, with no fastening except for a narrow belt that caught one panel to the body. Zippers closed other jackets or the slim and sober dresses. The only gimmicks were wire mesh wigs or eyeglasses with horizontal antennae.

The bulbous skirts that went with the geometric jackets to emphasize the hard-soft message looked forced — except when the same shape grew from the fitted bodice of a black satin dress. Some other ideas were tricky — like shirts unfolding into trains. But Lagerfeld's technical skill mostly produces complex clothes that look streamlined and simple.

Emanuel Ungaro also tried fashion geometry, making dresses with brief skirts and hip belts drawing the A-line. He said that they were drawn from his archives. And that the plain presentation without a bijoux or a froufrou went back to the "innocence and purity" of his early collections.

But such uncharacteristic plainness seemed more like the influence of the minimalist fashion and styling shown on avant-garde runways.

Ungaro's show got off to a bright start with its Op Art



Lagerfeld's draped black dress with wire-mesh stole.

black-and-white pantsuits, followed by black leather jackets and skinny jeans. Out came the models four-by-four in pin-striped suits; four checked jackets; four 1960s shifts in pearlized leather; four crepe dresses with knee-length hemlines.

The basic presentation seemed more suited to a provincial department store than a Paris runway. And although there were pretty satin dresses, the evening section from a master of color came out in pallid shades. Tunics and side-split long skirts were shown with flat sandals, nil accessories, run-a-comb-through hairstyles and nothing-much makeup.

Even the caftan-style tunics, which are a hot item of the

season, seemed to lose their exotic edge. Only the finale of superbly cut columns of blue satin were simplicity at its most seductive.

Vivienne Westwood had found the phrase to sum up her collection: "Women don't know how coquettish they are," quoted from La Rochefoucauld in French.

But her collection looked like she had given up on sly, sparky, English sexiness for French lessons in couture craftsmanship — where she was still on a learning curve.

Out had gone bustles, bows, puke bonnets and push-up corsets. Even the signature platform shoes had been reduced to reasonable footwear.

For her Anglo-French marriage à la mode, Westwood showed toile de Jouy, shaped into curving jackets vs. club checks as the English version.

Some of the blouse and bias-skirt outfits were fresh and charming and her shirtwaister dresses appealing. But granny knits with frilled edges were one of many items apparently plundered from history — but without the spice and wit more familiar from Westwood.

Issey Miyake projected his imagination on to the loom, lean silhouette of his lively collection. Keep shapes simple, but use inventive fabrics is the Miyake credo.

The designer played, as ever, with modern synthetic materials to enliven long coats or tunics and pants. They came in transparent striped plastic or with hologram and quicksilver effects. Prints were like military camouflage — but in vivid colors. Or they were the same splashy painted flowers that decorated the runway.

And in a season when designers are proving that less is not always more, Miyake stretched his imagination to hairs quivering like tendrils of jellyfish and holograms scintillating from sandal straps.

Lauren's fashion statement was minimalist indeed — a collection of curvy jackets and skirts or simple dresses, mostly in black and white, with a dash of orange or lime. This was a bow-out collection for designer Dominique Mortier, who will continue to design menswear for Lauren.

The merry mixes of pattern, print and texture shown in Christian Lacroix's secondary Bazar line, were a modern take on decoration — proving that 1990s fashion does not have to be reduced to next to nothing.

But her collection looked like she had given up on sly, sparky, English sexiness for French lessons in couture craftsmanship — where she was still on a learning curve.

Out had gone bustles, bows, puke bonnets and push-up corsets. Even the signature platform shoes had been reduced to reasonable footwear.



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Rendez-vous
page 4

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Arms Aid to Turkey?

Turkey lags behind only Israel and Egypt in receipt of U.S. military aid. Washington has approved \$7.8 billion in military sales to Turkey in the last decade, and has provided grants or loans to cover most of it. This year, unless dramatic events take place in the current House-Senate conference, Turkey will get \$320 million in U.S. credits to finish production in Turkey, of F-16 fighter planes. America has traditionally used such aid to maintain its friendship with a strategically crucial ally, but the aid is now being used to prolong a war that both destabilizes Turkey and betrays American values.

The State Department has acknowledged that Turkey is using the F-16s and other American weapons to strafe Turkish villages in its war against a Kurdish guerrilla group, killing thousands of civilians and leaving millions homeless. Washington should end the sale of weapons used in the war, and condition further military aid and sales on Turkish respect for human rights.

One-fifth of Turks are Kurdish, a minority so repressed that its members are forbidden to speak Kurdish in many public settings. In 1984 the Marxist Kurdish Workers Party, or PKK, began a brutal civil war, killing many civilian officials and Kurdish opponents. The government responded with an even more brutal campaign to bomb and burn Kurdish villages. It has prosecuted even peaceful Kurdish politicians, writers and human rights workers whose only crime was describing the human rights violations. An American reporter for Reuters, Aziza Marcus, may be sentenced to three years in jail for her reporting from Kurdish areas. The PKK is weak, but the government has made little progress toward winning the war. Polls show that Turks overwhelmingly favor a political settlement.

Turkey's human rights record has caused several European countries to cut off military relationships (although Germany just resumed aid) and has so far denied Turkey coveted membership in the European Union. But the White House has pushed Turkey to pursue the PKK into Kurdish areas of Iraq that America protects against Saddam Hussein. The incursions have killed many civilian Kurds.

Since the Turks' war against the PKK escalated in 1992, U.S. military aid has escalated as well. Washington now provides 85 percent of Turkey's arms imports and 90 percent of its military aid. Despite the efforts of Senator Patrick Leahy and Representative John Edward Porter to curtail aid, Congress has not yet managed to block or place conditions on substantial amounts of Turkish military aid.

Turkey has escaped a cutback because of its strategic importance. America depends on military bases in Turkey, and wants Turkey to spread its moderate brand of Islam to Central Asia and its pro-Western views in the Balkans and the Middle East. The Turkish government and the Clinton administration argue that any cuts in arms transfers would weaken and radicalize Turkey. But the war itself poses a greater threat to Turkey's stability and prosperity. The Islamic party, a relatively moderate one, gained support after a ban on Kurdish parties left it as the only non-mainstream alternative.

Any further aid should carry human rights conditions that would promote a political solution to a war that has undermined democracy, boosted the power of the military, drained the economy and divided Turkey from its European allies. Placing such conditions on assistance would also reduce America's complicity in Turkey's repressive internal war.

—THE NEW YORK TIMES.

After the Big March

Hopeful Aspects, Too

The Million Man March produced a huge crowd hungry for great oratory. But instead of something like the crystalline 19 minutes of Martin Luther King's "I Have a Dream" speech, this crowd got a rambling, self-obsessed two hours from Louis Farrakhan. By the time the Nation of Islam leader got through such arcane matters as numerology and Masonic lore, his adjurations against violence in black neighborhoods seemed almost perfunctory. He seemed more interested in continuing his personal negotiations with the press and the Jewish community over his past racist statements than in answering the expectations that drew such a large and earnest crowd to the Mall. As his speech wore on, it was clear that the potential of the event and the opportunity to lead with a dramatic personal atonement had both escaped him.

Even so, Monday had its hopeful aspects. Many Americans feared, given Mr. Farrakhan's record, that the march would degenerate into an overtly inflammatory event, worsening racial tensions that surfaced after the acquittal of O. J. Simpson. The fear was legitimate, given Mr. Farrakhan's past inflammatory remarks about Jews, Catholics, Asians, gay people and others, and his bitterly contested insistence that the marchers be men only.

Earlier in the day, Bill Clinton spoke for many Americans by making a wise

and conciliatory point in a speech in Texas. President Clinton said he honored the men who had streamed into Washington to commit themselves to taking personal responsibility for their families and their communities, but he added that "one million men do not make right one man's message of malice and division."

Indeed, the marchers proved to be of greater heart than the long-winded speaker who wanted all credit for their presence. Bitterness was not the order of the day, but rather a sober assessment of the continued damage that racism is doing to American society. The march was dominated by a spirit of goodwill, as stranger embraced stranger in the bright autumn sunshine.

The spirit was also one of renewal, as the speakers preceding Mr. Farrakhan—including such seasoned civil rights warriors as Joseph Lowery and Jesse Jackson—urged the men to pull together collectively, to nurture strong families, strengthen the institutions of the black community and protect troubled black youth from the scourge of drugs and crime. With an estimated 400,000 participants, this was the largest gathering of its kind since King delivered one of the great speeches of the century.

The day produced no such speech, but there is a chance that it can inspire blacks and whites with more embracing philosophies than Mr. Farrakhan's to keep on marching toward the dream.

—THE NEW YORK TIMES.

Where Are Leaders?

The number of African-American men who came to the capital on Monday from all parts of the nation was as impressive as the organizational effort and the basic message and themes that brought them out. In a speech in Texas, President Bill Clinton said that for the marchers the gathering was "about pride and dignity and respect... about black men taking renewed responsibility for themselves, their families and their communities... about saying 'no' to crime and drugs and violence... about standing up for atonement and reconciliation." This message, as positive and frank as it was about the need for black men to shoulder their responsibilities, also was a somber and, in a way, a harsh verdict on where we are as a nation. There should not have been a need for a day like this.

That a special day devoted to spiritual renewal, acceptance of responsibility to self, family and community was brought about through a call from the Nation of Islam leader, Minister Louis Farrakhan, and not from what is customarily regarded as the country's civil rights, religious or even political leadership, is as telling about the state of that leadership as it is an indication of the divisions and estrangement within the society. For, as the president said, "one million men do

not make right one man's message of malice and division." And despite the spirit of camaraderie and reconciliation evidenced on the Mall, Mr. Farrakhan did not demonstrate through his words that he is anyone to heal the racial divide so clearly apparent in recent weeks. In fact, it is one that he has and continues to contribute mightily to. So far as the religious divide is concerned, it is one that he has been especially vicious in creating and promoting. To talk, as he did, of unconditional negotiations with the leaders of Jewish groups is ludicrous. This is Mr. Farrakhan's fight, not theirs; the abuse directed toward another group has been directed by him, not them.

Repeatedly, Mr. Farrakhan exulted that he was the leader of the gathered assembly, that he had been validated personally by the event, that you could not realize the legitimate goals that were set forth throughout the day and at the same time not accept his leadership. We don't think so. The good purposes that animated many people who participated on Monday long predate Mr. Farrakhan's espousal of them. It is a great misfortune that he has had to await this demonstration of how great the hunger for their realization is, a hunger to which other leaders, black and white, have not paid nearly sufficient attention.

—THE WASHINGTON POST.

Big Problem, No Solvers, Enter Louis Farrakhan

By Russell Baker

NEW YORK — So it was left to Louis Farrakhan to act. It is hard to say why without speaking realistically of the state of American politics, which has less and less to do with anything of consequence.

Surely somebody of stature, Democrat or Republican, ought to have felt obliged to act long ago. It is hardly a secret that one of the country's most dangerous problems is the increasingly desperate situation of its young black male citizens.

The portrait of a nation in trouble is etched in the statistics on black unemployment rates, black school dropouts, rising imprisonment of young blacks and killings of black youngsters by black youngsters. When a large portion of a nation's youth is being thrown away, or hustled into prisons, or lowered into graves, it takes a remarkable capacity for indifference to say that, well, it's a pity, but it's not our problem, it's a problem for the black community, black churches, black neighborhood leaders.

It is hard to see how a multiracial nation can avoid damage if its leaders refuse to deal with its gravest problems on ground that they are distinctively problems of race.

This mistake was made by Dwight Eisenhower 40 years ago and swiftly regretted, for President Eisenhower was a serious man, serious about government's duties.

He tried to avoid the multiracial reality of America in the Arkansas school desegregation crisis by arguing that race passions resided in the human heart, which could not be changed by government action. When the white governor of Arkansas, Orval Faubus, proposed to let the white human heart express itself by defying a court desegregation order, however, Mr. Eisenhower used the army to preserve government by law.

Everybody now knows about the problem of the young black male, and nobody with power has done anything about it. To be sure, President Bill Clinton has gone into the occasional black church and made the correct sounds, but where is the high-powered, bipartisan, interracial presidential commission empowered to recommend executive and legislative action? Have the leaders of the black com-

munity put pressure on White House and Congress to wake up? If so, the pressure has been as that of a feather pillow on the pyramid of Cheops.

Who are the leaders of this black community, anyhow? Are there any, or are they just fictional creations of the media? Maybe the "black community" is fictional, too. Why shouldn't it be? After all, there is no such thing as a "white community," no group who can sensibly be called "white leaders."

Maybe it is tired old racist thinking to keep talking about a "black community" complete with "black leaders." Maybe it makes more sense nowadays to drop all that separatist language and say, "There's nobody here but us Americans."

The Clinton administration is not the first to do nothing about the desperate situation of the young black American. Doing nothing about it has been the unwavering policy of presidents back as far as Richard Nixon. Not incidentally, it was Mr. Nixon's so-called "Southern strategy" that rebuilt the Republican Party on white hostility to civil rights.

Nor are the dynamic new Gingrich

conservatives engaged with the problem. The Contract With America may ask us to assume that its blessings will lead, one of these days, to more secure childhoods, better schooling, better jobs and a full dinner pail for young black men, but in the meantime it is explicit about the need to cut welfare. If a single Republican presidential candidate has spoken of the matter that produced the Million Man March, it has been a pianissimo performance.

Let's not forget, either, the fierce and forbidding tightness of many black people, which discourages whites from discussing the problem. It is understandable that a politician might ignore the subject entirely when he fears that getting involved may earn him the epithet of "racist."

Some kind of action was overdue. There was a vacuum to be filled. Politics has declined into a game for overgrown boys and their high-tech toys. You win by finessing reality. So finally it was left for Louis Farrakhan to act.

It made a lot of people so mad they could spit. That often happens when good people have done nothing.

The New York Times.

The American Dream and Goal Were Supposed to Be Unity

By A. M. Rosenthal

NEW YORK — The black men's march was a blow to the American dream and goal of unity. It can turn out to be as demeaning and damaging as the civil rights movement was decent and hopeful.

The sooner we Americans see the damage, the greater the chance that it does not degenerate into the permanent disaster of racial separation — the dream and goal of the originator of the demonstration. Political separation, racial separation, emotional separation, religious separation, separation today, separation tomorrow, separation forever.

For America's sake, listen to what Louis Farrakhan tells his followers, read the list of goals he has laid out for his Nation of Islam. The demagogues and dictators always reveal themselves. They must, to attract the core of the vicious, around whom they build their power.

The Nation of Islam's program states its goal: creation of a sep-

arate black nation within America. Somehow the apologists and rationalizers of the demonstration never mentioned that.

The danger is not simply what the Nation of Islam is able to achieve about separation. It is the damage it does to the American dream of racial unity and to American life, day by day. All its propaganda and racial spewings are devised to divide, separate, re-segregate.

So, the issue presented by Louis Farrakhan and the Nation of Islam is not black against black, or Farrakhan against the Jews, or even only black against white, but separatism against a united America.

Who in the country's leadership, black or white, speaks the truth in candor about the separatist essence of what we confront? Few, terribly few.

Once I expected candor from Jesse Jackson and sometimes got

it. But there he was — a big man in a big demonstration with no whites, no women, no Asians, no Latinos. The new rainbow — unisex and unicolor.

I still felt we might get plain talk about the heart issue of separatism from Bill Clinton, and even more, from Colin Powell, whose personal achievements, attitudes and racial stance in life so many of us respected and still do.

But from both came a strange moral and political distortion. Their message was that since the participants might get personal inspiration from the day, the demonstration was a fine thing, even though the men were marching behind a national bigot, strengthening him and making him the only beneficiary.

The inspiration was supposed to move black men to take more responsibility for their own actions and for the problems of crime, drugs, poverty and abuse

of women. But if the demonstrators did not hold themselves responsible or were not held responsible by American leaders and American society for building up the messenger of separatism, then how can they ever be expected to hold themselves responsible for anything else?

Did not American leaders, elected or not, have their own responsibility to urge black men to stay away because separatism would destroy their own future? General Powell said it would be paternalistic to tell black Americans not to take part in the march. But he said he would not take part for fear that his presence would lend Mr. Farrakhan credibility.

It would have, but no one man's personal credibility is more important and powerful than the massive presence of all the black men who did take part and whose attendance General Powell said could make them better. The day will not be re-

membered because one man was not there, but because so many others were.

President Clinton and General Powell both decided to play it safe — denounce Mr. Farrakhan but not urge African-Americans to vote against him with their feet, which might have carried a political price. They stayed out of town, and out of leadership.

The marchers played into the hands of anti-black racism. The demonstration made problems like drugs, poverty, crime and violence sound as if they were invitations to the march — matters for blacks only. For this both blacks and whites will suffer.

Only one leader, one group, can profit from this perversion of reality. The day belonged to Louis Farrakhan and the Nation of Islam. To deny this reality, to refuse to state and acknowledge its damage, will do the country even more harm than was done on the day of Louis Farrakhan's march.

The New York Times.

Better to Redesign a Scaled Down, Realistic United Nations

By Max Jakobson

HELSINKI — The United Nations has reached a certain age. Older people are disappointed and the young uninterested. The summit meeting from next Sunday to Tuesday to mark the 50th anniversary of the organization is not likely to be much of a celebration.

It used to be said that there was nothing wrong with the United Nations except its members. This is no longer the whole truth. The institution itself needs to be renovated. Its problem is not just bureaucratic waste and graft; the problem is structural.

It is now generally accepted that the Security Council should be remade to reflect the realities of power in the world today. But the sector dealing with economic and social issues has fallen even further behind the times.

A jungle of agencies and funds was allowed to grow in the '70s as

part of the effort of the developing countries to create a New International Economic Order — a global welfare state to be administered by the United Nations. The Third World lacked the power to change the world economy, and the new order remained a dead letter. But its organs continue to function, grinding out resolutions and reports that have no impact on the course of events.

The political consequences of this phase in the life of the United Nations were disastrous. Led by the most radical representatives of the Third World and egged on by the Soviets, the campaign for the NIEO turned into an ideological assault on Western values in general and the United States in particular. The United Nations became, in the words of Daniel Patrick Moynihan, "a dangerous

place" for America. Like a father who disowns an errant son, the United States turned its back on its own creation.

American critics demonized the United Nations by claiming that it aspires to act as a world government that could drag the United States into faraway conflicts unrelated to its national interests. Yet at the same time they dismiss it as too incompetent to be used as an instrument in cases in which U.S. interests require action.

The fact remains that without an active American engagement in terms of political will and money, nothing much can be done to make the United Nations a more important and effective body. Europe is preoccupied with its own institutional projects; Japan, Russia, China — none is able to lead. The goal of UN reformers must there-

fore be to re-engage the United States in the world organization.

This requires a realistic appraisal of the functions that the United Nations can usefully perform in today's world. It should not pretend to be the center from which "a strategy of global change" is directed and managed. There are indeed global problems, but the action that has to be taken to manage them is for the most part regional, national or local.

Governments cooperate with each other within several concentric circles of neighbors, allies, trading partners and ideological kin, and the United Nations is bound to be on the outer circle.

For the major powers, the United Nations will always remain a secondary instrument of policy. The Group of Seven, with Russia now an associate member, is bound to be more important than the UN Security Council. Europe has its own network of organizations. Economic issues are dealt with in the International Monetary Fund and the World Trade Organization, not in the UN Economic and Social Council, which could be abolished altogether.

This process of elimination reveals the primary task of the United Nations in the world today. It is the place where the developed industrial world encounters the less developed world, and where the complex relationship between the two can be managed.

The essential tasks that only a global organization can perform on behalf of all its member states can be grouped under three general headings.

First, the United Nations is a permanent diplomatic market for the exchange of information and views. It is a meeting place for the representatives of governments of

all states; a forum for debate, a safety valve, a waiting wall, a platform from which victims of aggression and injustice can appeal to world public opinion.

Second, it is the instrument by which governments seek to define and codify norms and standards of civilized relations between states, develop public international law and promote observance of universal principles of human rights within states.

Third, the United Nations provides member states with a number of useful services, for the purpose of maintaining international peace and security as well as for humanitarian assistance for refugees and victims of natural or man-made disasters. In practical terms, various UN agencies, above all the Security Council, can be used to coordinate interventions by the major powers and their allies in crises and conflicts in the Third World.

This may be called a minimalist concept of the UN role in world affairs. In present circumstances, however, more ambitious plans, for instance proposals to provide the United Nations with its own intervention force, have no chance of gaining the acceptance of the major powers. They would only fuel the inflated expectations that have plagued the United Nations from its inception.

International Herald Tribune.

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Getting Past the Okinawa Trouble

By Roger Buckley

TOKYO — After decades of bruising economic friction, the U.S.-Japanese relationship is suddenly threatened by long-dormant security questions. The alleged rape of a Japanese girl by three American servicemen on Okinawa has set off alarms in both Washington and Tokyo as efforts are made to contain the political damage.

Attempts to defuse the issue are continuing, but public anger in Japan is leaving the coalition government of Prime Minister Tomichi Murayama caught between the grievances of Okinawans and the importance it attaches to the security pact with the United States.

The last thing the beleaguered cabinet in Tokyo needs is a major dispute with Washington over the alliance, which other Asian nations see as a safeguard against Japan rearing under an independent, and possibly as assertive, defense policy. In Japan itself, recent banking fiascos and the repeated failures to kick-start the faltering economy present the coalition government with more than enough problems without opening the Pandora's box of security issues.

Until the 1970s, when the burgeoning affluence of an increasingly consumer-oriented Japan took hold, it was the U.S.-Japanese military pact that was the center of domestic political controversy. Street demonstra-

ed States to leave and their bitterness at what they see as decades of neglect by the central government in Tokyo lies deeper than the issue of an appropriate foreign policy for Japan.

The end of the Cold War has not yet engendered any substantial public debate on what Japan's role in the region and beyond should now be. For all the brave talk by some officials in Tokyo of a permanent seat for the country on the United Nations Security Council, and the intermittent experiment of sending Japanese military personnel on UN peacekeeping missions in Asia and Africa, little has really altered. Japan remains reluctant to take on new international responsibilities in either foreign policy or defense and security.

The present wave of economic and financial troubles makes it increasingly unlikely that the Murayama government or its successor will risk any new initiatives. The Japanese public has been bombarded with bad news this year on an almost daily basis, and its horizons are narrower than in the boom years of the late 1980s.

In such circumstances, any future cabinet would be reluctant to move away from the shelter of the U.S. defense umbrella. If the dispute over Okinawa can be managed sensitively, the Pacific partnership between America and Japan is set to last into the next century.

The immediate need is to alter provisions under which the U.S. military can hold soldiers suspected of crime until they are formally indicted by Japanese authorities, instead of handing them over immediately.

About a quarter of Okinawa is in American military hands. Politically, it is important that some of these bases be handed back.

The Clinton administration is trying to accommodate Japan without greatly weakening its privileged position on Okinawa. Both Mr. Clinton and Walter Mondale, the U.S. ambassador in Tokyo, have apologized for the behavior of the troops.

Beyond the vocal campaign of Okinawans to force the Uni-

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OPINION/LETTERS

For Euro-East Coast,
It's 'Sayonara' Time

By Tom Plate

WASHINGTON — The East Coast isn't so bad. Lincoln Center in New York, Kennedy Center in Washington, terrific restaurants in both cities — pretty impressive. And on the 11 or so days a year that the weather is actually merciful enough to allow strolling, they have those promenades and nice parks; plus there's that storied sense of tradition. So let's allow East Coasters their good points.

But just ask them for certain courtesies, such as some honest perspective on U.S. foreign policy and respect for the towering importance of Asia (and California), and suddenly you're from Mars. Some Easters, remember, still tend to think of California as the land of fruits and outers, when it's as much the breeder of Silicon Valley geniuses and the mammoth Hollywood economic engine as anything else.

Worse yet, most people east of the Rockies tend to think of Asia, when they think of it at all, in cliché terms best left to comic books of the Eisenhower era (a time when Asia was at least as ignored, but with fewer potential consequences).

The result is an antiquated U.S. foreign policy that obsesses about the future of the Atlantic Alliance, hyperventilates about what President Jacques Chirac's next blowhard statement will be (who cares?) and sometimes even talks as if England (still a wonderful place to visit, by the way) were a major power.

Too bad. History is about to say "sayonara" to the East Coast — it is rolling westward, like some huge Hegelian force, across the United States, pausing for breath in California, catching a few waves near Hawaii and then blowing ashore in the Far East. To settle and center itself where? Hong Kong? Beijing? Tokyo? Jakarta? Any of these. It won't be Chicago or Brussels.

And, you know what? For too long now, the East Coast has been in denial.

"American foreign policy has indeed suffered from a long period of neglect regarding the Pacific," Warren Christopher told me recently. "We really have had a Eurocentric approach and failed to take account of the importance of Asia."

Moreover, the secretary of state believes strongly that Washington provincialism and East Coast Atlanticism will continue to impede a savvy foreign policy, even though a global shift is occurring.

"Asia offers the most important set of trade relationships, certainly in terms of growth," he said. "It is the world's most dynamic area, and American foreign policy has not been putting enough energy, drive or resources into its Pacific policy."

Los Angeles Times.

LETTERS TO THE EDITOR

No Outcry

On Oct. 10, the trial of former President Mengistu Haile Mariam of Ethiopia recommenced in Addis Ababa, but Colonel Mengistu is in so-called exile in Zimbabwe, from where, under the 1948 Convention on Genocide, he should have been handed over a year ago.

It must be an international scandal that a man responsible for genocide is allowed to remain free contrary to all normal standards of justice. Genocide is a crime against humanity — so that, by definition, it involves every living person, everywhere.

Yet where is the outcry against Zimbabwe for continuing to harbor him? Or does no one care — except, that is, the millions of relatives of those for whose death he was responsible, or the further millions of the blinded and maimed, to say nothing of the rape victims.

LOUIS FITZGIBBON.

Brighton, England.

Shame at Statement

Regarding "Politician in India Moves to Keep American Fast-Food Firms at Bay" (Oct. 4):

Kashmiris are fighting Indian security forces in Kashmir. So are the Sikhs in Punjab and Bhodres in Assam.

It is all right to fight the militants, but for the Indian security forces to kill civilians and rape innocent women cannot be justified.

If the leaders of India think like Bal Thackeray, head of the militant Shiv Sena, or Army of Shivaji Party, then I would want every Kashmiri to fight for an independent Kashmir.

How would Mr. Thackeray feel if he were in a situation like Kashmiris are today and his daughters were raped?

I feel sorry for him, and ashamed of being an Indian after reading this statement from a leader of one of the largest states of India. I pray and hope people like him never come to power anywhere in the world.

H. MOHAMED.

London.

Canada's Doctors

Regarding "Canada Watches as Its Doctors Pack Up and Head South" (Oct. 12):

It was moving to read that Dr. Dhaliwal packed up and moved south because he had to argue for an operating room to save a patient's eye. He will never know how many eyes he will not save in the United States because a third of the population is without medical insurance and another part without adequate insurance.

Three laser machines for two surgeons may be one reason he can charge more in the United States for his services. And if he worked at a large teaching hospital in the United States, he might find that because of underfunding his level of care would not equal what he can give his private patients in Georgia.

It is perhaps stretching the truth to say the doctors did not leave because of higher salaries. Since 1945, the United States has attracted doctors educated at the expense of European and Third World countries where they are badly needed.

In European health-care systems, applicants to medical school have over time changed from those interested only in the money to those willing to accept a good middle-class income and high social status. This may occur in Canada also.

DARRELL HUDSON.

Hayward, California.

Dear Bob Dole: America Needs More Foreign Languages

By Daniel Shanahan

JOUY-EN-JOSAS, France — My wife is Czech. I am American. We live in France. Our son, just going on 4, is trilingual.

Czech is Gabriel's first language (they don't call it "mother tongue" for nothing), and since I don't speak Czech that causes me some occasional discomfort: There are times when I'd like to know what he and his mother are talking about. But

MEANWHILE

then there are probably times when it's just as well I don't. Gabriel and I speak English together. At preschool, he speaks French.

Recently, I took Gabriel to the United States for three weeks. As I watched him navigate through his first trip to an English-speaking country, two things struck me: the pleasure he got out of being able to speak English with someone besides his dad, and how uniformly people greeted his multilingualism with admiration, even envy.

In the local supermarket, he would walk up to strangers, say hello and ask them what they were doing — usually as a pretext for explaining that he was in California to visit his grandparents and see sea ousers. Generally, I would

step in after a minute or two to explain that he wasn't running for office, just tickled over the fact that in America he could speak English with everyone.

Inevitably, Gabriel's multilingualism would come up. Without exception, everyone we met expressed awe at his accomplishment.

"He's so lucky," was a common refrain. So you will excuse me, Senator Dole, if I say that the discussion about official languages and bilingual education, to which you have recently added your weight, is one of the biggest red herrings to come down the pike in a long time.

During the decade and a half I have been involved in international education, one truth about language use in the world has been pounded home: *The world is going English.*

A few years from now, Gabriel will be canny enough to know that he can start up conversations in English not just in a Sacramento supermarket, but in Rio, Shanghai and Prague. So at the outset, let's agree that English is in no danger of disappearing from the face of the earth: It is changing that face.

And the fact the world is going

English should tell us something fundamental about global economic competition and national security: If the world is going English, it's also going bilingual — all those people learning English already speak a native language of their own.

And as we all know, learning another language means a lot more than grammar and vocabulary: As you get fluent, you learn how other people think, how they see the world, how they negotiate, how they think militarily, what they might be able to offer and what they would be willing to fight for.

In other words, there are all these millions of people out there in the world learning not just how to speak English, but how to understand — and perhaps, out-think, outsmart and generally outdo — those like us who speak it as our native tongue.

That being the case, should language-related discussion in the United States center around preventing children from getting an education in two languages?

No, senator, what we ought to be debating, and with the greatest of urgency, is how early we begin teaching second languages to all our children, how many languages we require for a college degree, how to take the

millions of speakers of other languages in American schools and make them *resources* for those impoverished tens of millions who speak only English.

The so-called language debate in the United States today is a pointless digression with potentially tragic consequences. For it ignores the simple fact that multilingualism gives you a competitive edge every bit as important as computer technology, advanced military weaponry or good business sense. In fact, it is good business sense.

Two years ago, one of my French students interned on your staff for a summer. Soon after she returned, we had coffee. Two things about the conversation returned to me when I read your recent remarks about bilingual education. One was her genuine conviction that you took great pains to represent your constituents' best interests. The other was her intense frustration when she learned on returning that budget restrictions at our school might force the students to cut back the number of foreign languages they study from three to two.

French corporations just aren't going to look at you unless you have English, German and one other language," she said.

I ask you, can Americans, even at the top management schools, compete on that playing field? Are we planting the seeds early enough to even hope for similar qualifications among university graduates in any field? The answer has to be a resounding — choose your language — "no," "non," "nyet," "nein," "ne."

Debate about bilingual education doesn't even put the cart before the horse: In today's world, it's an argument based on pre-wheel technology.

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If we don't face that fact, we will be robbing our children of the opportunity to compete and communicate in a globalized environment.

The writer is the chairman of the English department at the Ecole des Hautes Etudes Commerciales. He contributed this comment to the *International Herald Tribune*.

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Philippines

Manila Sees Beginnings Of Reverse Brain Drain A Stronger Economy Lures Expatriates Back to Local Firms

By John Kohut

MANILA — While the Philippines slid from ranking as one of the richest countries in Asia to becoming its "sick man" during the 1970s and 1980s, a big slice of the nation's intellectual and professional elite fled economic stagnation to make their careers in more vibrant economies elsewhere.

But now, in a vote of confidence for the Philippines' economic future and in an ironic twist of fate, Filipino professionals are returning home to what they now see as a new land of opportunity.

"There's definitely a reverse brain drain," said Nonoy Colayco, who came back to Manila last year to become Jardine Matheson Group chairman for the Philippines and chairman and chief executive of Jardine Davis, a holding company for a number of Jardine Group businesses here.

Throughout his nine years as manager of investment portfolios worldwide for American International Group, the U.S. insurance giant, Mr. Colayco was the envy of his peers in the Philippines.

"People ask me all the time why I came back. I had a great job in New York working in a great company," he said.

One reason, or course, was the fact that he received an attractive job offer from Jardine. But Mr. Colayco said he probably would not have accepted the offer had it not come at the same time as a

Continued on Page 14



Fidel Ramos on the eve of his election: Today, he wins credit for a political and economic turnaround.

Can the Nation's Economy Catch Up?

MANILA — The Philippines, accustomed to a steady diet of boom and bust, now shows promising signs of overcoming a host of difficulties that left it lagging far behind most of its Asian neighbors in the regional race for economic growth.

The administration of President Fidel V. Ramos is overseeing an economic recovery that is drawing interest and accolades from economists and investors around the world.

But several major tests remain before the Philippines can finally shake off its

reputation as a country of squandered opportunities.

Continued vigilance against inflation, financing vital infrastructure development, creating jobs for millions of Filipinos mired in poverty and attracting more long-term foreign investment head a list of complex tasks before the country.

Most important of all, according to many analysts, is avoiding the temptation to relax the reform process now that real progress has buoyed prospects.

The primary challenge for attaining a higher growth path remains for the government to sustain the hard-won advances in

recent years in revenue generation and economic liberalization," warned Francis X. Colapo, senior advisor to the World Bank's vice president for Asia and Pacific.

Political and economic life has long been controlled by a handful of powerful business families who saw little benefit in open competition.

At the same time, voracious borrowing from international lenders, much of it contracted during the Marcos years, has left a legacy of crushing debt.

Grossly inadequate infrastructure

Continued on Page 15

Ramos Wins Plaudits For Newfound Stability

By Kevin Murphy

SURALLAH, Philippines — Convoys of helicopters thumping through the air are no stranger to the Philippines' southern provinces of Mindanao; years of insurrection by Muslim separatists and communist insurgents have taken too many lives in the recent past.

But the crowds of Surallah taking facefuls of dust as seven choppers landed in their midst were in a welcoming, upbeat mood. President Fidel V. Ramos, a batch of his cabinet secretaries, assorted advisers and the Malacanang Palace press corps had arrived at one of a dozen stops that day.

"I am at home in this place," said Mr. Ramos, repeating a line used often on a lightning-paced inspection tour that started at 4:30 A.M. in Manila and finished there again 15 hours later. "I was here before."

Because of a life-long military career and the grueling inspection regime he has kept since his election as president in 1992, he actually had been in some of the places several times before.

On this outing, a geothermal electricity plant in the mountains was inaugurated and local tribal leaders consulted; a massive new San Miguel brewery was opened and blessed near a site the former Philippine armed forces chief remembered as "Ambush Alley"; and a local business briefing was attended, all before 11 A.M.

Later, in other parts of the island, a flood-damaged irrigation system was inspected and relief measures announced; Muslim rebels who surrendered were met and the security situation assessed; generals were consulted; and a council of local educators praised. All together seven speeches were given and the national anthem was sung three times.

"The culture of the Filipinos is that they want to see the boss, they want to see the leader," Mr. Ramos explained on the jet back to Manila. "Even if it's just to shake hands or catch his eye, it's a big thing, part of our tradition."

"In the case of the president, it is not just wanting to press the flesh, which gets a little difficult some times," said Mr.

Ramos, who needs only four hours of sleep each night. "It is to make sure that things are done properly and done on a timely basis."

Halfway through a six-year term, Mr. Ramos is widely credited with having regained long-lost political stability for the Philippines. He has also directed Asia's most dramatic economic turnaround in recent years.

His predecessor, Corazon C. Aquino, and her advisers, including Mr. Ramos as her security chief, formulated many of the reforms as they sought to rebuild the country after years of rule by Ferdinand Marcos. But there were frequent challenges to Mrs. Aquino's administration from both plotters of coups and more mainstream opponents.

Now, these problems seem to have been sorted out. Foreign investors are coming back, inflation is in check, budget surpluses are being recorded, and in general militant groups are talking with, rather than fighting against, the government.

Even the once-sheltered big business elite that dominates the economy and nervously eyes reforms that are opening markets to genuine competition have now come on board.

But in a country where political intrigues have often worked against sporadic economic gains, Mr. Ramos's future moves are anticipated with concern.

For every skeptic who fears the life-long soldier will engineer a way to avoid stepping down when his term expires — mandatory under the country's 1987 constitution — there is another who fears the Philippines' resurgence will lose pace without his hands-on management style.

"Ramos has clearly turned the situation around in the Philippines," said Jim Rohwer, chief economist, Asia with CS First Boston (Hong Kong) Ltd. "Investors would like to see him stay in office for a long time to complete that process."

"The big question is how well entrenched he can make his reforms in the remaining years in office," Mr. Rohwer said. "In the field of candidates who might succeed him, how many will support the reforms and how many will out?" Local

Continued on Page 14

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PHILIPPINES / A SPECIAL REPORT

More Filipinos Are Coming Back

Continued from Page 13

dramatic upturn in the Philippine economy.

"It was a chance to come home when the country is beginning what I think will be a long-term economic takeoff," he said.

To be sure, the diaspora has hardly ended. Some 3.5 million Filipinos working abroad, mainly as maids and construction workers. Their absence has alleviated both unemployment and underemployment at the same time as their remittances have helped prop up the economy. (Page 16)

But with the wheels of domestic industry and finance turning again, the Philippines is now drawing white-collar workers back from overseas. What is more, it is convincing many of those still here to stay put.

So far, there are only a few industries in which times are so good they can afford to beckon Filipinos to return home. One example is real estate, which is enjoying a boom.

Banking and finance is another. In fact, one consequence of the government's decision last year to allow 10 foreign banks to set up full-service operations in the Philippines — previously there had been only four — is that financial institutions are poaching employees from each other, driving salaries higher.

On the other hand, doctors, nurses and teachers still find the financial rewards of working in the United States overwhelming compared with what they can earn in the Philippines.

Nevertheless, as the economy improves and as living standards rise, it is now possible to imagine that more Filipinos from those professions will one day opt to stay in the Philippines.

No statistics are available for how many Filipino managers and professionals have returned, but there is plenty of anecdotal evidence to suggest that their numbers are already significant.

Practically everyone in the Makati commercial district of Manila seems to know at least several Filipinos who have recently returned, or are themselves recruiting compatriots from overseas.

"Seventy per cent of the Filipinos I associated with in the United States are back," said Gregory Domingo, who returned two months ago to be managing director at Chemical Bank in Manila.

"In terms of career growth path, it seems like being in Asia is better for people like me," he said, "especially when the economy in New York is weak and there's lots of consolidation on Wall Street."

Judging by the number of resumes that are flooding into executive search firms, the word is out among Filipino professionals.

Jesus Zulueta, managing director of executive search consultants ZMG, said he receives 20 to 25 resumes from Filipinos abroad each day. The candidates are work-

ing in big banks, in household name corporations, and in towns he has never heard of before.

Mr. Zulueta said Indonesia, and especially the capital city of Jakarta, has traditionally been a major destination for professional Filipinos, where their skills have been in high demand.

Now, he says, "I think the Indonesians will have a hard time recruiting Filipinos." Jakarta businesses, he says, "will have to fend for themselves."

As further evidence of the turning tide, Mr. Zulueta notes a significant increase in membership fees at the Manila Polo Club over the past year.

For the moment, however, Manila is not a financial boom town on the order of, say,

High-flyers say they would not have come back if not for what they see as a bright economic future for the country and the potential to reap huge dividends.

New York in the 1980s. But salaries, while lower than those of other financial centers, are catching up.

Mr. Domingo said traders in Manila were commanding wages that are 50 per cent to 100 per cent higher than they could get 18 months ago. In general, he said, pay scales are now about 70 per cent of what they are in Hong Kong.

Moreover, Manila is not like other financial meccas in that money is not the only, or even the primary, attraction. There are other considerations that factor into a Filipino manager's decision to stay abroad or come home.

Some returnees cite a better lifestyle in the Philippines, where an abundance of labor enables them to hire household staff that they could not afford in the United States.

Others say they have tired of the expatriate life and want to be close to their families. Mr. Zulueta said some of his clients reported being fed up with high crime, even in their children's schools.

But perhaps the biggest drawing card for Filipino returnees is that in the Philippines they can benefit from an old-boy network that was not available to them abroad.

Filipino expatriates, "whether they like it or not, aren't first-class citizens" in their host countries, Mr. Zulueta said.

Those working in the United States find they are shut out of the mainstream by not having been educated in the American system, he said, while English- and Spanish-speakers working in Hong Kong discover

that they are left on the sidelines of a lot of the bigger deals unless they speak Chinese, since business in the British colony is increasingly geared towards China.

But most of the high-flyers said such factors would not have persuaded them to head back to Manila had it not been for what they see as a bright economic future for the country and the potential to reap huge personal dividends over the long run, even if they have to take a pay cut for the moment.

"To tell you frankly, this is where the action is," said Raymond Reyes, 28, a manager in corporate finance at Citibank in Manila. Mr. Reyes studied and worked in the United States but decided to return home to a salary about half of what he could earn in New York.

Many returnees still worry that the bubble might burst. After all, the economy was growing at a robust 5.2 per cent annually between 1986-89, then nose-dived, contracting slightly in 1991.

"I'm optimistic, but like all emerging markets, it only takes so much to upset the equation," said Dan Filiciano, a senior executive at Exchange Capital Corp. who left Merrill Lynch & Co. in New York to return to the Philippines. He notes, for example, the shock waves sent around the world by the Mexican financial crisis at the beginning of this year.

Mr. Colayco, however, is convinced that while there may be bumps along the way, this time growth can be sustained.

For one thing, economic liberalization is making business easier and Philippine companies more competitive. Mr. Colayco noted that not only is investment from overseas growing, it is of much higher quality than the low-level assembly plants that were being set up by foreign investors when Mr. Colayco left the country in 1985.

"If this trend continues, in the next five to 10 years the Philippines will be close to achieving critical mass in industries like electronics and automotive parts," he said.

In addition, Mr. Colayco sees "a tremendous amount of entrepreneurship and willingness to invest money by local people," many of whom are liquidating investments in the United States and Europe in order to put money into the Philippines.

And, he argued, despite its recent history of political turmoil, the Philippines' fiscal situation represents a safe bet.

The country, he said, will not be rolled by a Mexican-style financial crisis because, unlike Mexico, it does not have a high proportion of national debt in short-term bills owned by foreigners.

"I don't want to sound like a Pollyanna optimist," said Mr. Colayco, "but the fundamentals are certainly there."

JOHN KOHUT is a journalist based in Hong Kong who traveled recently to the Philippines.



The nation's growing prosperity is bringing back some expatriates.

Ramos Wins Credits for a Turnaround

Continued from Page 13

newspapers are filled with speculative articles suggesting how and why the country's congress could move to amend the constitution to allow Mr. Ramos a continued stay in office.

In national elections in May several senators and members of the House of Representatives enhanced their statures through spirited campaigns and strong showings.

Gloria Macapagal-Arroyo, an economist and daughter of a former president, received by far the most votes among senators, prompting local analysts to put her among the front ranks of possible successors in 1998. Also elected to the Senate was Gregorio "Gringo" Honasan, who led three coup attempts against Mrs. Aquino. Ferdinand Marcos Jr., known as Bong Bong, narrowly missed a seat.

But the elections were viewed as a strong endorsement of the Ramos administration's performance, leaving a pro-Ramos coalition with 20 of 24 seats in the Senate and a clear majority in the House.

That majority should make further policy steps targeted by the president, including vital tax reforms, easier to pass, but it could also smooth the way toward changing

the constitutional barrier to a second term if the president aspired to a longer tenure.

When asked about his plans after 1998, Mr. Ramos, 67, never says "never" about continuing as president. Instead, while admitting he was tempted to seize power or act outside the law in the most chaotic days of the country's troubled past, he said he will respect the constitution.

"There were many temptations along the way and not necessarily limited to times when there were coup attempts, but I decided in favor of the constitution," Mr. Ramos said. "I always remained faithful to the constitution."

Although improving his golf game after 1998 remains a high priority, Mr. Ramos said he hopes to maintain a key role as a "senior adviser" to the government.

"Our economic and social gains, our electoral reforms and all of those programs that have helped us get where we are today, those will be my concerns after 1998, even if I am in private life," Mr. Ramos said at a news conference in Zamboanga, the last stop on his inspection tour.

Some of his advisers believe Mr. Ramos' vagueness on his post-1998 plans is designed to keep his rivals and would-be successors on their toes.

"If anything came out in that regard

there would be little legislative work, there would be sloppy prosecution of policies and implementation of programs," Mr. Ramos said in his plane. "And the people in general, especially those not that interested in politics, would become confused and their energies would be dissipated."

In the meantime a considerable workload remains to be sorted out employing a command-style management approach first learned as a scholarship winner to the U.S. Military Academy. Poverty is crushing for many people, infrastructure is inadequate, and despite its recent gains, the economy lags far behind many others in Asia.

Apart from work on specific programs and duties in Manila, Mr. Ramos is continually campaigning for his vision of change in the Philippines, hoping to maintain its momentum and spot others who share his ideals.

"I have the duty of expanding a core of believers as well as identifying and training a core of leaders that will carry on our work," Mr. Ramos said. "There shouldn't be any apprehension at all about continuity, or predictability or about transparency under our democratic system."

KEVIN MURPHY writes from Hong Kong for the International Herald Tribune.

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PHILIPPINES / A SPECIAL REPORT



"Smokey mountain" in Manila: Despite economic gains, poverty is still a serious problem.

Can Economic Boom Be Sustained?

Continued from Page 13

spending in all areas left an economy fated in the 1950s and 1960s as the next Japan in growth-sapping chaos, as painfully illustrated by the 12-hour-a-day power cuts that crippled the economy in 1993.

However, picking up a policy framework largely established by the previous administration of Corason C. Aquino, Mr. Ramos's team has, starting with the electricity situation, put reform theory into action on a number of fronts.

To tackle the electricity shortages, Mr. Ramos quickly opened the domestic market to foreign and private investment, creating a framework now lauded as among the most effective in the developing world, according to a recent World Bank study of Asia's infrastructure needs.

As emergency power generation efforts gave way to the signing of major deals with foreign groups, telecommunications and banking became the next two vital areas targeted for change.

The recent arrival of 10 new, wholly owned foreign banks, and the ending of a monopoly enjoyed by Philippine Long Distance Telephone have brought shake-ups to both industries. Efficiency is rising, along with consumer benefits, but without, so far, undue harm to established local firms.

Similarly, foreign-exchange restrictions were ended in 1993, a move that forced the local economy into greater integration with global markets.

Better control of money supply and national debts have also allowed the central bank to lower reserve levels for banks from

25 percent to their current 15 percent.

In tandem with greater budgetary discipline, under which the Philippines recorded its first fiscal surplus in 20 years in 1994, interest rates on treasury bills have fallen from 14.6 percent last year to 12.8 percent in the first eight months of 1995.

Prime lending rates have fallen in parallel, lowering borrowing costs and providing a spur to economic activity overall.

Much of the recent budget surplus can be attributed to nearly \$5 billion raised over nine years from a sweeping privatization effort in which steel mills, oil companies and shipyards were sold off to local and foreign investors.

A comprehensive tax reform scheme, if passed by Congress this year, is expected to continue to achieve further surpluses and allow the country to build a national savings rate more in line with its fast-growing Asian neighbors.

"We have abandoned the antiquated, inward-looking policies of the past, which have taken us on a roller-coaster ride of short-lived, externally induced successes that were unsustainable for lack of strong fundamentals that could underpin continuing growth," said Roberto de Ocampo, secretary of the Department of Finance.

"Our economy is now, more than at any other time in our history, more efficient, better equipped and with the right mindset that would enable it to compete in the global market," Mr. de Ocampo said.

The reforms have prompted major business expansion in anticipation of further fast growth. When Mr. Ramos took over in 1992, the economy grew by only 1.3 percent. Last year, growth was 5.1 percent,

and this year it is forecast at 6.5 percent.

Despite the euphoria, and perhaps because of it, major reservations remain about the lasting power of this upturn.

Atop the list is a recent spike in the annual inflation rate, which hit 11.8 percent in September. Philippine economic planners blame the sharp rises largely on a recent poor rice harvest. Shortages that were exacerbated by hoarding should soon disappear, planners believe.

Many analysts also worry that Manila's successful lobbying of the International Monetary Fund to allow it to boost money supply targets beyond earlier agreed limits raises the specter of economic overheating.

However, Cielito Habito, secretary of the National Economic Development Authority, points out that in the past, Philippine growth spurts were driven by consumer spending and as such were unsustainable.

This time around, manufacturing, exports and direct, long-term investment have been on the rise. While the Philippines' current-account deficit, at 4.9 percent of gross domestic product in 1994, is a concern to foreign investors, it has narrowed from 5.9 percent in 1993.

"Unlike Mexico, which did not have enough foreign reserves to match its current-account deficit, our own foreign reserves, \$7.5 billion, are more than twice our current account deficit, about \$3 billion," Mr. Habito said. "The Philippines' economy is quite stable; about the only thing we have in common with Mexico is the name of our currencies."

Kevin Murphy

Prosperity Grows, but Not for All

By John Kohut

MANILA — The Makati commercial center of Manila is humming with new business, the swank hotels along Roxas Boulevard play host to eager foreign businessmen, property prices are going through the roof, trendy young Filipinos pass their Sundays scouring for sales and new arrivals in designer shops.

The smell of opportunity and national confidence seem to fill the air, thanks to a recent economic renaissance.

Theo, there is Parola. Sprawling along the mouth of the Pasig River and creeping right up to Manila's northern harbor, this squalid shantytown of 22,000 families tells a tale of the Philippines that is very different from the one that investment analysts and chief executive officers are likely to hear.

This is the world of the nearly 40 percent of the Philippine population that lives below the poverty line and that so far has found little reason for hope.

Here, behind concrete block walls that only half hide the deprivation, underneath a road overpass, and sometimes even spilling onto the sidewalks, squatters live six or more to a room in tiny shacks made from refuse and rented out by criminal gangs or crammed into shipping containers.

Families occasionally go a day or so without food, and a healthy young man is lucky if he earns the equivalent of \$4 a day.

While middle- and upper-class Filipinos may now be optimistic about their prospects under Fidel V. Ramos's push for economic prosperity, the President has yet to prove himself to the millions of impoverished Filipinos who feel left out.

"Sometimes no one buys my products so I don't have food for two days. I feel my stomach is bloating, so I go to the pier and steal bananas," said Victoria Cerbito, 56, who came to Manila 13 years ago hoping to chip off a small piece of the prosperity that refugees from rural poverty expect to find in Manila.

Instead, she just manages to subsist on a small business gathering shells from the river and selling them as mix for building materials.

"The government doesn't provide equality for all," Ms. Cerbito said.

DELIA Alfabeti, 39, lives with her husband and five children in one of the shipping containers stacked on the port authority property, which the squatters of Parola have usurped.

"My dream," she said, "is to have even a small house of my own."

Since 1982, Ms. Alfabeti has moved countless times, ever able to stay for more than two weeks in the same container. When cranes come to lift the containers

away, they shake the adjacent shacks, grazing television antennas and frightening the residents.

Nevertheless, the president's ambitions for the poor are as great as they are for the rest of the country: by 1998, he wants the poverty level down to 30 percent from the official 39.2 percent recorded in 1991, the most recent year for which government data has been compiled.

To help the poor, Mr. Ramos set up a special commission to fight poverty. He has also announced a social reform agenda that includes a host of agricultural, fisheries, labor, youth, housing and other programs.

Early next year, Mr. Ramos will hold a national summit meeting on poverty relief.

And he has taken on the Church in this largely Catholic country by challenging its

for change will come more from economic reform and growth than from social programs.

"We learned that the market is the finest weapon in engineering progress and in fighting poverty," Mr. Ramos said recently.

Wealth distribution in the Philippines has been skewed since the era of Spanish dominion, when land was concentrated in the hands of a few big families.

In more recent years, those families have invested in industries that were cartels or protected by high tariffs.

"That is being challenged by the opening up of the economy," said a Western diplomat.

While rapid economic growth has brought poverty levels down to neighboring countries, including Malaysia and economic tigers like Taiwan and South Korea, the level of poor in the Philippines, with its less-than-illustrious economic record, has come down at a more modest pace.

From 1985 to 1991, the proportion of poor fell by 0.6 percentage points annually. But because of the high birth rate, an extra two million families were actually added to the poverty list, according to the commission to fight poverty.

One of the reasons for the high rate of poverty, according to Arsenio Balisacan, an economist at the University of the Philippines, is that the Philippines until recently followed a protectionist trade regime favoring capital-intensive, import-substituting consumer goods industries, a strategy that tends to penalize laborers.

By liberalizing trade and other areas of the economy, the Philippines could now see poverty levels drop just as they have elsewhere in Asia as markets have opened up.

THOUGH the economic boom has not yet touched Parola, there are a few tentative signs of a turn for the better across the nation.

A survey released recently by the National Statistics Office showed that inflation-adjusted average family income rose 0.6 percent from 1991 to 1994, while total family income grew by 7.2 percent after inflation. According to the figures, the growth mainly benefited the lower income groups.

At the same time, income was slightly more evenly distributed, with the earnings of the top 10 percent decreasing to 36.1 percent of the total from 37.8 percent. In contrast, government statistics showed the concentration of wealth in the hands of the rich growing during the latter part of the 1980s.

"There is substantial evidence to indicate they are making a serious effort to address the problem of poverty," said the foreign diplomat. "There is a growing sense that there's reason for optimism even if economic growth hasn't reached the poor yet."

B

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PHILIPPINES / A SPECIAL REPORT

Tourism Seeks Place in the Sun But Critical Services Lag

By Steven Brull

CEBU, Philippines — The Philippines, once a leader but now a laggard in Asia's burgeoning tourist trade, is out to recapture its former glory. But in its mad dash to get in the game, it risks destroying the natural splendor and peaceful pace that many tourists seek.

In the 1960s, this country of more than 7,100 islands was Southeast Asia's leading tourist draw. Then two decades of political and social turmoil scared away tourists, who in increasing numbers flocked to Thailand, Indonesia, Malaysia and other states with similar attractions: beautiful beaches and mountain landscapes and a relaxed, friendly and culturally diverse population.

Now, as the country enjoys rapid economic growth and improved social stability, the government has ambitious plans to hoist the Philippines' tourist industry into the big leagues. From an expected total of some 1.5 million tourist arrivals this year, the government expects 2.5 million to come in 1996, a figure helped along by Manila's role as host that year of the annual conference of the Asia-Pacific Economic Cooperation group.

By 2000, officials hope to welcome 10 million tourists. That would give the Philippines nearly as many as the total drawn by Thailand and Indonesia, the region's top two tourist destinations, in 1993.

"We're so far behind where we could be," said Eduardo T. Joaquin, general manager of the Philippine Tourism Authority. "The potential is tremendous."

To exploit that potential, the Tourism Authority is seeking more than \$1 billion in investments to develop resorts, golf courses, hotels and basic infrastructure across the archipelago. Private developers are plowing in even more cash.

But the push to develop

tourism comes as a spur in economic growth has overwhelmed the nation's infrastructure. Roads in Manila and even smaller regional centers resemble parking lots much of the day. The nation's water, electricity and sewage treatment systems are also struggling to keep pace. Further strain appears certain to eclipse the ability of the government to maintain even today's standards.

Only careful planning — something that has been lacking up until now, Mr. Joaquin acknowledges — will prevent the Philippines from making the same mistakes as Thailand, which saw many of its most exquisite tourist spots spoiled by overdevelopment.

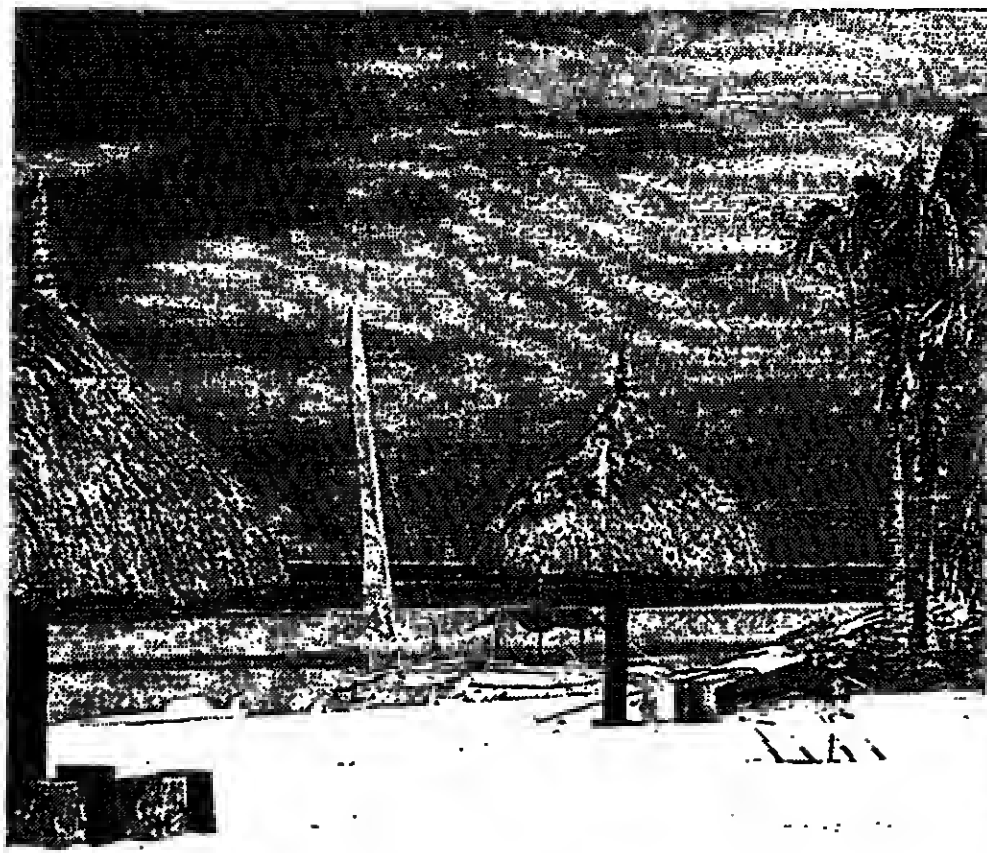
Nonetheless, there are strong arguments for developing tourism.

A big increase in tourism would go a long way toward creating desperately needed jobs in a country where about 10 percent of the work force is unemployed, and where 800,000 new jobs are needed each year just to keep pace with new entrants to the labor market.

Even with this year's influx of tourists, the industry indirectly employs some 871,000 persons, or roughly one of nine Filipinos. The trade is expected to bring in some \$2.3 billion, ranking it alongside the remittances of Filipino overseas contract workers and electronics exports as a source of foreign exchange.

The Philippine Tourism Master Plan, which was formulated in 1991 with assistance from the United Nations Development Program and the World Tourism Organization, outlines tourist development through the year 2010.

The plan foresees setting up three international gateways in the northern, central and southern regions. The northern region centered on Luzon would exploit Manila as a gateway for visitors coming for business



A beach resort on Panglao Island: The Philippines is trying to boost tourism.

and shopping as well as sun and sea; Cebu, the heart of the central Philippines island group known as the Visayas, would serve as a gateway for tourists seeking relaxation as well as a bit of cultural enlightenment. Mindanao in the south would be positioned as the entry spot for tourists in search of exotic wilderness and culture.

In theory, the plan should pose little danger to the environment. But in reality, in a country where the national government lacks sufficient funds for infrastructure, there is little choice but to let the private sector lead.

That raises questions about the government's ability to carry out a national tourist development plan that seeks to preserve the Philippines' natural beauty by developing a variety of travel niches, from conventioners to ecological pioneers.

On Cebu, a central Philippines island that is the primary destination of a third of foreign visitors, 80 percent of them male, developers are going gangbusters even though the

city's traffic is congested, roads are rough and water is in chronic short supply due to deforestation decades ago.

Cebu, along with the adjacent island of Mactan, already has more than 3,000 hotel rooms and four golf courses. But an additional four golf courses and 3,000 rooms are under construction, including two deluxe casino-hotels and a business convention hotel near the airport, which is expanding its international terminal.

CEBU has become a leading tourist gateway because, in addition to its proximity to Boracay and other top diving spots, the region's powerful economy has helped the city attract direct flights from Japan, Hong Kong, Taiwan, Singapore, Korea, Australia and Qatar.

These make Cebu the most convenient gateway for sun-and-sand-seeking tourists, allowing them to avoid Manila's congested airport and overcrowded roads.

Smart marketing also was key to bringing in the Japanese, who are the biggest group of visitors. Seeking to sweep aside a dangerous image of the Philippines created by a series of high-profile abductions of Japanese, the island began marketing itself as "Cebu, an island in the Pacific."

"Many Japanese landing in Cebu didn't know they were landing in the Philippines," Mr. Joaquin said.

Naturally, local tourism executives are hopeful that a spate of new hotels, including many that are part of international chains, will help to market Cebu internationally, thus improving their own businesses.

But they are also aware that further development is bound to erode some of Cebu's charm. As Rhyz O. Buac, resident manager of the Maribago Bluewater Beach Resort on Mactan, put it, "This is always the price of improvement."

STEVEN BRULL is the Tokyo correspondent of the International Herald Tribune.

Overseas Labor a 'Sad Fact'

By Jon Lidén

HONG KONG — Jemma Pascual is saving to start a business together with her husband in their neighborhood in Manila. It is not easy planning the new business, however, since Ms. Pascual is 1,000 kilometers (620 miles) from home and 6,000 kilometers from her husband.

Ms. Pascual works as a domestic helper in Hong Kong while her husband is a mechanic in Saudi Arabia. The \$500 to \$600 domestic helpers like Ms. Pascual can earn each month in Hong Kong are higher than starting salaries for high school graduates and professionals in most jobs in the Philippines.

In Saudi Arabia, salaries are lower than in Hong Kong, and there would be little chance she would see her husband much anyway, since domestic helpers in many families are often on call 24 hours a day.

Connie Ominga has spent five years in Hong Kong working as a domestic helper to get her brothers and sisters through school and send money to her mother after her father died several years ago.

Now, all but Ms. Ominga's youngest brother are out of school, and she can save most of her salary.

Ms. Ominga came to Hong Kong to take over the job from her sister, who got married and moved to Canada.

"That is the dream," said Ms. Ominga. "To marry somebody rich and move somewhere else. I don't really want to go back to the Philippines. There are no opportunities there."

Stories like Ms. Ominga's and Ms. Pascual's are common in the Philippines. Some 3.5 million people out of a population of 67 million, or roughly 5 percent, have gone abroad for work.

Last year, nearly \$2.9 billion was sent home from Filipino workers abroad through the banking system, and an estimated \$3 billion more came in as cash or through private remittance companies, according to government statistics. That made labor export the country's largest foreign-exchange earner.

While an increasing share of the funds earned by Filipino

workers abroad are used for investments such as the garage Ms. Pascual and her husband hope to own, most is spent improving the living standards of millions of lower middle class families.

Houses are built, bathrooms are installed, college education secured and televisions and video players acquired from the toil, the boredom and the loneliness of relatives abroad.

Several real-estate companies even target migrant workers with building projects, mainly in the Philippines.

Wages from workers abroad help families improve their living standards, but often at high personal cost.

loring payments to the amount of remittances the workers send home.

"Migrant labor has become an integral part of our economy. That is a sad fact," said Alex Pomento, a senior analyst with Barings Securities Philippines. "But it is an injection of money that goes straight to the lower levels of society."

"Ten years ago, 70 percent of the population lived under the poverty threshold. Now, that figure has been reduced" to around 40 percent, Mr. Pomento said.

Money from migrant laborers helped prevent a serious recession in the Philippines between 1989 and 1992, when four long brownouts in the capital were a powerful symbol of a stalling economy.

Economic benefits aside, the personal costs are often excruciatingly high.

Workers tell the same tales over and over: mothers who bring up children of well-to-do families while their own children are left at home; demeaning treatment by employers, especially for domestic workers; work days up to 14 hours long; physical and sexual abuse; and a feeling of being second-class citizens without rights and protection.

Many workers are sacked with no notice for minor mistakes or irritations to their employers. Since visa arrangements are often precarious at best, a loss of job can mean deportation and an abrupt end of livelihood for a whole family.

Over the past two years, the Philippines has accomplished an impressive economic turnaround, with a 4.3 percent growth in gross domestic product last year and 5 percent growth forecast for this year and the next.

Still, economists do not expect the economy to be able to absorb the migrant work force for at least another 15 years.

"It will take some time," Mr. Pomento acknowledged. "Still, look at countries like Malaysia. It took little more than 10 years to change from an exporter to an importer of labor."

The unemployment rate in the Philippines was 8.8 percent in July, and in addition, there is a considerable amount of underemployment among the rural population.

"I would expect the first people to come home to be the entrepreneurs, who have saved a bit of money and will invest this in the Philippines if the economy keeps growing," said Caroline Kabigting, vice president for Research at Peregrine Securities Philippines.

BUT to add to the difficulty of the situation, many overseas workers who do come home after several years away find that their problems have just begun.

The stress of separation can lead to broken families, as spouses and parents who have been absent for as much as a decade find they have trouble reintegrating themselves with the life they left behind.

Moreover, workers who have provided a comfortable income for their families during their time abroad may not be welcomed home if that means that the flow of money has dried up.

Filipinos acknowledge the problem but for now see little alternative. "It is a sad thing, this story of migrant labor," Mr. Pomento said. "We do not want it, but we need it."

JON LIDÉN is a journalist based in Hong Kong.

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PHILIPPINES / A SPECIAL REPORT

An Increasingly Secular Society

Church Influence Wanes in Public and Private Life

By Vaudine England

MANILA — The role of the Roman Catholic Church in the Philippines is drenched in myth and shrouded in paradox. While no one disputes that more than 80 percent of Filipinos identify themselves as Catholics, there is tremendous variation of opinion as to what it means to be Catholic.

This year's visit by Pope John Paul II to Manila garnered the biggest crowds seen for a papal visit in years, but a resounding majority of Filipino Catholics vote for politicians who advocate family planning.

Members of the Catholic Church say there is a growing shortage of priests in the Philippines, mainly because of the celibacy requirement. Many younger, politicized priests say this is an irrelevant and unnecessary doctrine, adding they can serve their communities just as well, if not better, as family men.

Surveys also show that several million Filipinos have a decidedly more liberal attitude towards abortion than the church would like to see. One pollster says that not only are officials perceived as supportive of family planning more likely to be re-elected, but that opponents of family planning are in danger of losing re-election bids.

As for the supposed existence of a Catholic voting bloc, that myth has been disproved again and again. The clearest indication of this was the election of Fidel V. Ramos, a Protestant, as president in 1992.

Cardinal Jaime Sin, the archbishop of Manila, had tried to exert his power by endorsing several other candidates. His favorite, Ramon Mitra, finished near the bottom of the polls.

In another example of waning church influence, Juan Flavio, President Ramos's former health secretary and a dynamic advocate of the use of condoms for contraception and protection against the AIDS virus, was recently elected to the Senate. Analysts think Mr. Flavio fell from top-polling position to fourth because of church opposition to him, but no juggling of numbers can dent his widespread popularity.

A more recent attempt to demonstrate church power was the rally called by Cardinal Sin in August 1994 to protest positions being taken at the Cairo conference on population.

"He got a frightening number of people on the streets," said a priest who did not wish to be identified. "But that's because it was portrayed as a loyalty test. Lots of us who didn't agree with the issue went along with it. When the chips are down, we don't want to see the cardinal embarrassed on this, as it might weaken his clout on other issues."

A lot of the confusion about the power of the Catholic Church in the Philippines stems from history. Although Spanish colonizers imposed Roman Catholicism on the archipelago for centuries, historians concur that the faith spread fastest in areas where it meshed most with native faiths and rituals — implying that, to religion as in other matters, Filipinos followed their own minds.

More recently, the church played a pivotal role in the downfall in 1986 of the military dictatorship of President Ferdinand E. Marcos.

Father John Carroll, director of the Institute on Church and Social Issues at Ateneo University, recalls that in the beginning of martial law in 1972, there was "perfect agreement on the view that Marcos and the Communists were the only options, so the church was polarized between the two."

But as human rights abuses intensified, and with the killing of opposition leader Benigno Aquino in 1983, the church was galvanized into action, taking the lead in organizing Mr. Aquino's funeral, prayer rallies and marches.

The church also was a prime mover behind the establishment of the independent vote-protection organization, Namfrel, and behind important alternative media such as Radio Veritas and the Veritas weekly news magazine. Church members mobilized nationwide to protect the ballot, and they largely succeeded: For instance, computer technicians who walked out of the rigged Marcos vote-count operation were hidden at Ateneo University the first night of their defiance.

"The church was in the middle, validating the movement, sheltering it. The church was walking with the people," recalls Father Carroll.

Perhaps the church's finest political hour came when Cardinal Sin went on the air in February 1986 to call the masses into the streets in defense of what was at that stage still a military coup. Millions of Filipinos rushed to Manila's army camps along the highway called EDSA, where the rebel generals, including Mr. Ramos, were calling on Mr. Marcos to step down.

"The remarkable thing is not that Sin called the people out, but that the people came out," says Father Carroll.

But soon after the restoration of democracy under President Corazon C. Aquino, the majority of Filipinos wanted the church to get back out of politics much as they wanted soldiers to get back into their barracks.

"EDSA '86 was a special circumstance and soon after, the people wanted the church back in the cloisters, out of politics," Father Carroll says.

A lasting legacy of those times, however, is increased political awareness of

any potential threat to democracy. Among the socially involved clergy, family planning is a less important issue than the need to guard against future attempts at dictatorship.

The possibility of such attempts may seem remote, but observers point out that pockets of political and social conservatism remain, especially among lower-income followers of grass-roots religious leaders.

Charismatic and "magical" churches such as the Jesus Miracle Crusade or El Shaddai, generally right-wing and morally conservative, gain adherents among the disadvantaged through bold claims of faith healing and overnight riches.

Members of Iglesia Ni Kristo, another home-grown church, vote as a bloc and consistently back Marcos family members, but as church members comprise less than 3 percent of the population their influence is limited: For example, they failed to get the late dictator's son, Ferdinand "Bong Bong" Marcos, elected to the Senate this year.

In fact, there is evidence that even the influence of the Catholic Church in Philippine politics may be distorted simply by the fact that Cardinal Sin is in Manila, the seat of government. This makes him more accessible to the media and gives him a louder voice on national affairs, but it does not mean he carries extra weight within the government — or even the church itself.

Catholic dioceses in the Philippines nearly match the provincial divisions, and each diocese has a bishop of equal rank to Cardinal Sin in the Catholic Bishops' Conference of the Philippines, the umbrella organization of the church hierarchy. Each bishop is relatively autonomous with very close to total power in his own diocese.

Father Carroll says that while the church's influence may be felt in national policy discussions in Manila, swaying the views of the masses is a different story.

"I go to the Payatas garbage dump, where there are a lot of rural migrants, to give mass every Sunday," he says. "There is a focus on the rosary, but not a sacramental religiosity. Church marriage, for example, they see as a treat for the middle classes. Baptism is much more important. One day I baptized 24 kids, but only one couple among the parents was actually married."

The same applies to family planning. "What comes out very clearly is a broad support for the availability of family planning information and services, and the view that the government must not coerce people either way. Many people don't see it as a moral issue. They don't even know the church position."

A survey in 1991 by The Social Weather Station, a polling organization, disputes the common view that the relatively low rate of



Nuns in Manila: Roughly 80 percent of the nation is Catholic, but the church's influence is waning.

family planning usage in the Philippines is due to the "dominance of the Catholic religion," says Mahar Mangahas, head of the organization.

Instead, the survey found that Filipinos do not feel strongly restricted from using family planning methods, either by the rules of their religion, by the teaching they received in school, or by the advice given by their physicians.

Filipinos also were shown to have a fairly low understanding of what the church does allow. For instance, on the issue of female sterilization, only 21 percent of respondents aware that procedures such as tubal ligations were forbidden by the church.

The study showed that neither religious deordination, nor frequency of going to church, nor intensity of religious belief make much of an impact on Filipino family planning attitudes.

The question then becomes, what does? One factor, unquestionably, is economic circumstances. The majority of Filipinos live in the countryside. As in any other

relatively poor agricultural country, more children means more labor in the fields and more security in old age.

Gender attitudes also play a role. As in many traditional societies, women in the Philippines generally lack the power to say "no" to their husbands, especially when it comes to sexual practices. Although women do most of the hard work to support their families, sexual relations remain bound by old ideas of machismo. For example, many men use condoms with prostitutes but refuse to do so with their wives, presumably because it would sully their idealized vision of a wife as a "good" woman.

Then there are folk beliefs, which still hold tremendous sway in some areas. Father Carroll cites the example of *gaba*, a word in the Visayan dialect spoken across the central Philippines that implies the dire consequences visited upon anyone who uses contraception or otherwise breaks with tradition.

Combined, these factors lead some parish priests to avoid taking the initiative on social issues. For instance, if there is no

church-organized Natural Family Planning program in an area, then "the priests and nuns on the ground feel they shouldn't talk about it," Father Carroll says. "Most priests won't raise it, as they don't want to put people in an impossible situation."

Mr. Mangahas has another theory. "The argument on the government's family planning program is going on mainly in elite circles," he says. "At the grass-roots level, however, I don't think there is much debate."

He adds that Catholics and non-Catholics in the Philippines hold such similar views on family-planning issues that religion becomes almost an incidental factor.

"It seems to me that the reason why Filipino Catholics and Filipino non-Catholics have similar views on family planning is, simply, that they are all Filipinos," Mr. Mangahas says. "What the data describe is, essentially, the Filipino sense of morality, rather than any religious sense of it."

VAUDINE ENGLAND is a journalist based in Hong Kong.

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EUROPE

Statoil Tops Arco In Takeover Bid For Aran Energy

Compiled by Our Staff From Dispatches

LONDON — Statoil A/S offered Tuesday to pay 198 million Irish pounds (\$318 million) for the oil explorer Aran Energy PLC, topping a hostile bid from Atlantic Richfield Co.

The bid by Norway's state-owned oil company is part of its effort to expand beyond the petroleum-rich Norwegian waters and indicates rising expectations for largely unexplored areas on the Atlantic Ocean's European edge.

"If Statoil's bid is accepted, it will strengthen the company's activities in England and Ire-

land and at the same time give access to important exploration areas in the highly interesting areas in the Atlantic margin, west of Shetland and Ireland," Statoil said.

Arco Irish Holdings, part of Atlantic Richfield, said it had decided not to raise its offer for Aran.

"It is not in the interests of Arco stockholders to increase Arco Irish Holdings' offer," the company said.

Statoil said it would offer 76 Irish pence a share in cash, equivalent to 77.7 British pence for each London share or \$33.66 for each of Aran's American depositary receipts, 12 percent more than Arco's offer of 68 Irish pence a share.

In London, where most of Aran's shares are traded, the stock finished at 78.75 pence (\$1.25), up 3 pence.

Analysts said the price in London was higher than the Statoil offer because some investors were betting that Arco would raise its bid. The market closed before Arco announced it would not do so.

Arco welcomed the emergence of Statoil as an alternative to the Arco offer it had rejected. But Aran stopped short of recommending the offer and advised investors to hold onto their stock.

"We are pleased by the developments, but we want to hear what Arco has to say before we comment further," said Michael Whelan, chairman of Aran.

Arco has said an independent petroleum consultant valued the oil company's assets at 104 Irish pence a share.

Statoil said its directors were "sorry that the board of Aran did not feel able to recommend this generous offer."

Arco had said it would reduce its bid to 66 Irish pence if Aran went ahead with a proposed joint venture with Statoil to develop an oil field west of Ireland called Connemara.

Aran, which now owns all rights to Connemara, plans to sell Statoil 47.5 percent of the project in exchange for \$18.6 million in project financing and technical assistance.

(Bloomberg, Knight-Ridder, AFP)

Ford to Expand in Wales

Reuters

LONDON — Ford Motor Co. said Tuesday it would invest £340 million (\$535 million) at its Bridgend engine factory in South Wales, doubling production and creating 480 jobs.

The automaker said as many as 1,000 jobs may be created as the "ripple effect" generated further work for component makers and suppliers. It said the investment would take Ford's commitment to British operations this year past the \$1 billion mark.

Ford Chairman Alexander J. Trotman said Bridgend would be churning out 550,000 Zetec engines — the kind used in the new Fiesta model — once expansion of Bridgend was complete in mid-1998. The factory currently employs 1,300 workers and turns out about half a million engines for the larger Mondeo.

"The U.K. is one of the most important production centers for Ford worldwide, and our plants have improved their reliability and competi-

tive position considerably in recent years," Mr. Trotman said.

"If the rate of progress continues, there is a bright future for Ford's British operations." The other main contender for the expansion had been

"If the progress continues, there is a bright future for Ford's British operations."

Alexander J. Trotman, Ford chairman

Ford's Spanish base in Valencia, where Zetec engines are already made.

Mr. Trotman, who will also oversee the British launch of the Ford Fiesta at the London motor show this week, praised British workers' ability to ensure "a reliable supply of quality products at increasingly competitive cost."

Ford is to get £10 million (\$15.8 million) in aid from

Welsh authorities, subject to approval by the European Commission in Brussels.

But this promise of a "sweetener" from public coffers seemed to have less impact on the decision, according to Garel Rhys, a professor of motor-industry research at Cardiff Business School, than the general lure of Britain as a European base for car manufacturers.

"It's basic industrial attractiveness, not just government grants," Mr. Rhys said.

In July, Ford announced that Jaguar, the British luxury carmaker it bought in 1990, would spend £400 million building a car in Britain it called the X200 with which it hoped to compete with BMW, Mercedes and other luxury models.

At that time, Ford was promised £80 million in central and local government funding to help with the project. Ford also said in April it was investing £200 million in diesel engine production at its Dagenham plant east of London.

EU Compromise on TV Quotas Fails

By Tom Burkle
International Herald Tribune

BRUSSELS — Spain's effort to broker a compromise on European television-program importation appeared to have failed Tuesday, appealing neither to a protectionist France nor to an anti-quota bloc of northern countries.

The lack of support for the Spanish proposal essentially ruled out a breakthrough at an informal meeting of culture ministers to be held in Madrid on Thursday and Friday, European Union officials said.

"The ideological divide in the Council of Ministers is as strong as ever," one British official said.

The Spanish government circulated a compromise proposal to EU capitals in advance of the ministerial meeting.

The proposal essentially would have preserved a loophole in program quotas by allowing governments to seek exemption from requirements that stations show at least 51 percent Europe-

an programming. It also would allow broadcasters to skirt the programming quota if they invested 25 percent of their budgets in European works. All quotas would be phased out after 10 years.

A representative of the French government said Paris would look favorably on the proposal only if the phase-out provision were abandoned.

Britain, Germany and the Netherlands, however, have hardened their stance, insisting that quotas be abolished rather than kept on the books in a loosely enforced manner.

Spain is pressing for a solution by the time of a formal ministerial meeting in Brussels on Nov. 20 and has raised the prospect of an extraordinary meeting in December. But EU officials said they saw little chance of legislation being adopted this year.

Phone Monopolies to End
France intends to fully open its telecommunications market to all comers and will award its first licenses in 1997, Reuters

reported Tuesday, citing a report in the daily Le Monde.

In an article based on a draft proposal sent to industry and unions for consultation, Le Monde said France would impose no restrictions on European telecommunications operators wanting to do business in France. For non-Europeans, France is to allow access on a reciprocal basis, it said.

The government wants to keep a universal service, including equal tariffs, a directory and free emergency calls. The draft report calls for France Telecom to provide these services.

Telecommunications Minister Wolfgang Boetsch of Germany said his country's alternative telecommunications networks should be fully open to competition by July 1, 1996, AFX News reported from Munich. The move is part of an agreement in principle reached between the European Commission and the Atlas joint-venture partners France Telecom and Deutsche Telekom AG.

Audi Sales Rose 30% In First 9 Months

Compiled by Our Staff From Dispatches

INGOLSTADT, Germany — Audi AG, the luxury car unit of Volkswagen AG, said Tuesday its sales rose 29.8 percent in the first nine months of the year and repeated a prediction that its profit would double this year.

The carmaker said sales in the first nine months rose to 12.3 billion Deutsche marks (\$8.64 billion) from 9.5 billion DM in the like 1994 period.

Audi tied its expectations of a doubling in profit to a 20.9 percent surge in deliveries, especially for its A4 sedans. The company earned 187 million DM in 1994.

With a high degree of probability, our pretax profits will be more than double 1994's level," the automaker said.

Worldwide deliveries of new Audi models rose 20.9 percent in the nine months, to 539,237 units from 280,483 a year earlier. Deliveries to all major markets increased.

In Germany, deliveries rose 36.7 percent from January through September, and those in the United States rose 24.9 percent. In Japan deliveries climbed 22.9 percent, and in Western Europe excluding Germany, they rose 5.4 percent.

In Germany, Audi's market share grew to 6.3 percent in the first nine months from 5 percent a year earlier, Audi said.

Production rose 29 percent, to 328,295 vehicles from 253,659. Deliveries of A4 sedans rose 33.7 percent, to 210,017 vehicles from 157,115.

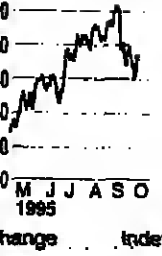
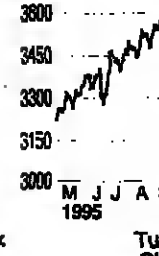
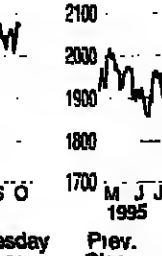
The company's higher sales volume has helped shield it from the burden of currency fluctuations that resulted in losses for other German carmakers this year, a spokesman said.

Audi also repeated predictions that group sales would rise by around 20 percent and deliveries by more than 15 percent this year.

Some 379,038 engines were built at the company's Ingolstadt plant in the period from January to September, compared with 391,836 a year earlier. At the site in Győr in Hungary, the number rose to 73,710 from 3,131, Audi said.

(Bloomberg, Reuters, AP)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
				
1900 2000 2100 2200 2300	3150 3200 3250 3300 3400 3500 3600	1700 1800 1900 2000 2100		
M J J A S O 1995	M J J A S O 1995	M J J A S O 1995		
Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	EOE	456.57	459.15	-0.56
Brussels	Stock Exchange	7,768.09	7,774.15	-0.08
Frankfurt	DAX	2,261.03	2,191.44	+0.44
Copenhagen	Stock Market	361.74	363.10	-0.37
Helsinki	HEX General	2,062.99	2,106.40	-1.11
Oslo	OBX	413.72	414.83	-0.22
London	FTSE 100	3,562.20	3,557.90	+0.14
Madrid	Stock Exchange	300.00	301.08	-0.36
Milano	MIBTEL	9,238.00	9,338.00	-1.07
Paris	CAC 40	1,779.74	1,780.49	-0.60
Stockholm	SK 16	1,943.81	1,960.60	-0.87
Vienna	ATX	901.71	928.22	-2.86
Zurich	SPI	2,016.54	2,018.25	-0.08

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SPORTS

Indurain Faces Hard Climb to Solitary Peak

By Samuel Abt
International Herald Tribune

PARIS — Miguel Indurain may well make history by winning the Tour de France for the sixth time next year, but it won't be easy. To judge from comments, including Indurain's, when the course of the 1996 Tour was presented Tuesday in Paris, it will be extremely hard.

"A complicated course, hard for me," the Spaniard said after the unveiling of the 83d Tour. "The Alps will be difficult and the stages in the Massif Central, too." He did not mention the Pyrenees, which will be no piece of cake, either.

"Very difficult," said Jean-François Bernard, a French rider who has finished as high as third in the Tour. "Lots of lots of mountains and where there aren't big mountains, there are small ones. And many hills. It's a rolling course once you're out of the mountains."

The accent on climbing was no surprise, since the organizers have been trying to tilt the race toward climbers and away from time-trial specialists such as Indurain. He has won the last five Tours by building leads of several minutes in the two long time trials, or individual races against the clock, and then yielding only small change in the mountains.

Instead of holding the first time trial before the Tour enters the mountains and establishing a pecking order headed by Indurain, the organizers have sandwiched the time trial between two testing days in the Alps.

Does Indurain go with the climbers, who will surely attack on the first stage? Does he wait and give everything in the time trial, knowing that the climbers will save their strength then and attack the next day? Does he have a team strong enough to help him over the climbs? Does Indurain try to blow everybody away early or does he stay close and await the second time trial, a long and flat stage ideally suited to his strengths?

Clearly, the organizers hope that the race will not be decided until that second time trial, a day before the traditional finish in Paris. Lack of suspense has been a hallmark of Indurain's five victories.

But, the organizers were quick to note, the course has not been designed to thwart Indurain's attempt to become the first rider to win the Tour six times. With five victories, he is tied with Jacques An-

quetil, Eddy Merckx and Bernard Hinault.

"I don't think this Tour has any ingredient especially directed against Indurain," said Théo de Rooy, a former rider and current Tour middle manager who will be the director sportif of the Rabobank team in his native Netherlands next season.

"There was a lot of discussion about time bonuses in the mountains," he added, "and we decided not to because that could be interpreted as a move against Indurain."

Jean-François Pescheux, a senior Tour official, agreed. "It's a difficult course but a Tour de France is always difficult," he said. "The Tour is never laid out for or against anybody. Indurain has won it five times and has always adapted to the course. I think he'll adapt to this one, too."

This one will cover about 3,835 kilometers (2,395 miles) and will begin June 29 in 's-Hertogenbosch, the Netherlands, finishing July 21 in Paris. The dates were moved a week earlier so that the Tour would not overlap the Atlanta Olympic Games, where professional bicycle racers will be eligible to compete for the first time.

Twenty-two teams of nine men each will participate. Moving clockwise from the Netherlands, through Belgium and France, with excursions into Italy and Spain, the Tour will include 11 daily stages on more or less flat terrain, four in the high mountains and four in the low mountains, plus two time trials, not including the short prologue.

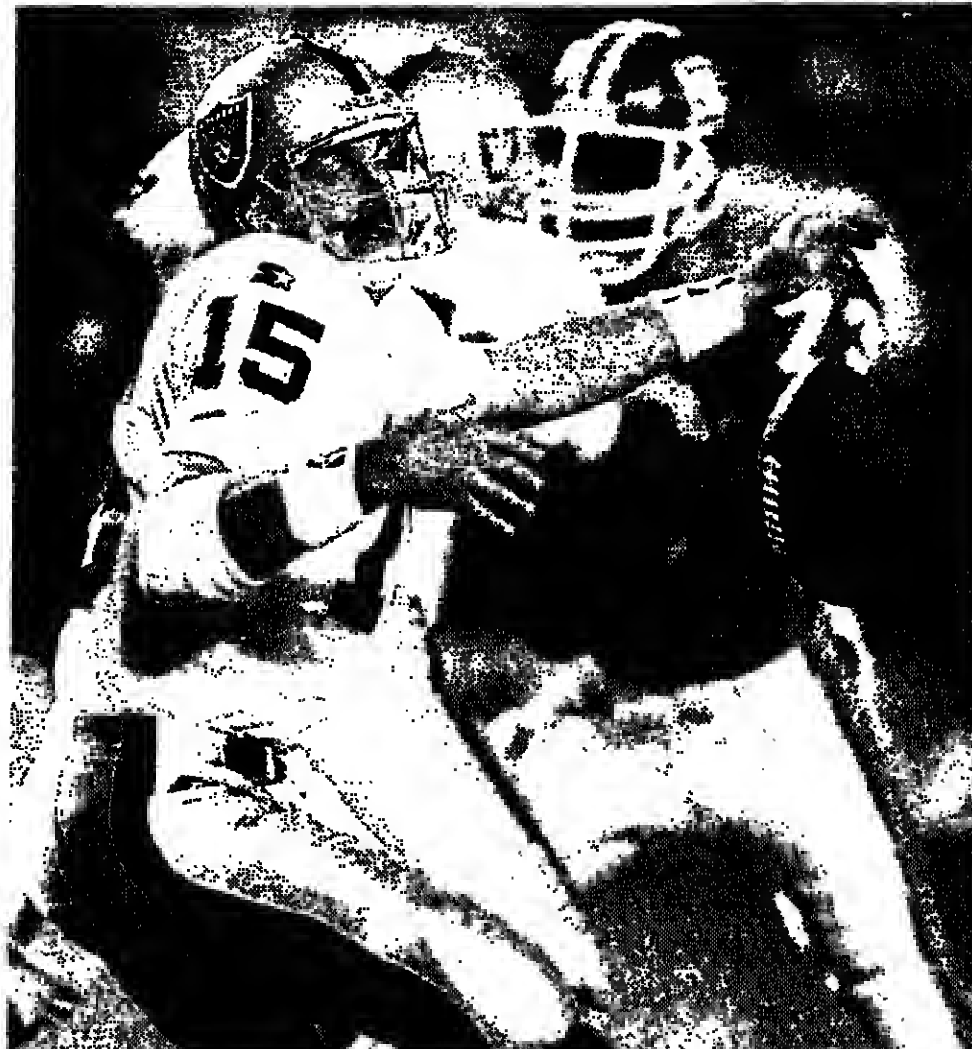
The first time trial will cover 30 kilometers sharply uphill and the second 60 kilometers on the flat. The team time trial, a traditional feature of the first few days, will not be held.

"That means there won't be big gaps between the riders but instead big battles for the bonus sprints to win the yellow jersey," De Rooy said. "It means a very nervous race the first week."

A psychological plus for Indurain will be the stage from Argelès-Gazost in France over the Pyrenees to Pamplona in Spain on the day after his 32d birthday. Indurain grew up on a farm just outside Pamplona.

Would he like to ride into his native province, Navarre, in the yellow jersey?

His eyes widened. "Of course," he said. "That would be magnificent. I'd do my best to make it happen."



Oakland's Jeff Hostetler, fumbling under pressure, left the game in the third quarter.

Taking Raiders' Best Shots, Broncos Rip to 27-0 Rout

The Associated Press

DENVER — The Denver Broncos took the best shots the Oakland Raiders had to offer, then delivered some of their own.

The biggest blow was the score, a 27-0 victory by Denver Monday night that ended a run of frustration in which the Broncos had lost the last six games between the National Football League teams.

John Elway threw touchdown passes of 33 and 36 yards to Anthony Miller, and Denver held the NFL's highest-scoring team to only 19 yards of total offense in the second and third quarters combined.

The Broncos (4-3) had lost 11 of their previous 12 games to the Raiders (5-2), and the lopsided victory averaged a 48-16 loss in Denver last year.

Elway, who came into the game with a 6-15 career record against the Raiders, completed 23 of 46 passes for 324 yards. Miller caught seven passes for 149 yards, and Jason Elam kicked four field goals.

The Raiders, who had been averaging 30.5 points and 395.8 yards per game, finished with only 169 yards.

Denver forced Raiders quarterback Jeff Hostetler from the game late in the third quarter, sacking him twice and sending him to the locker room to have X-rays of his larynx.

It was the second straight game in which Denver had not allowed a touchdown and its first shutout since Sept. 27, 1992.

The Broncos also ended a streak of Monday night losses, having lost the last seven times they played in the showcase game.

The first quarter featured three turnovers, two fumbles and the ejection of Broncos linebacker Dave Wyman. Elam's 30-yard field goal, following Steve Atwater's interception, was the only score of the period.

On the game's second play from scrimmage, Hostetler's high pass was tipped by running back Derrick Fenner, and Atwater intercepted, returning 18 yards to the Raiders 19. Elam converted four plays later.

The Broncos scored the only touchdown of the half with 3:10 left on Elway's 33-yard pass to Miller, capping an 84-yard drive.

Elway appeared headed for another touchdown in the closing seconds of the half but inexplicably fumbled.

Young Out for 4 Weeks
The Colts dealt the 49ers a humiliating loss Sunday, but they may have delivered a more significant blow to San Francisco's chances of returning to the Super Bowl by knocking quarterback Steve Young out for the next month with a sprained and bruised shoulder. The New York Times reported.

A magnetic resonance imaging scan done on Young's left (throwing) shoulder Monday morning showed significant damage that will sideline him for up to four weeks, according to 49er Coach George Seifert.

That means Young, a two-time league most valuable player and the MVP of last season's 49-26 victory over San Diego in Super Bowl XXIX, will be on the sideline for the Nov. 12 game against Dallas. That matchup had been viewed as a preview of the National Football Conference championship game. The loss of Young threatens to lessen its significance.

Their Ace on the Mound at Home, Mariners Win for Losing

By Murray Chass
New York Times Service

SEATTLE — The Mariners returned to the Kingdom on Tuesday for their fifth go-home game in 16 days. If they were good or lucky enough to win that game, they would get to do it a sixth time the next day.

Down in the American League Championship Series, 3 games to 2, and playing in their House of Noise with Randy Johnson pitching, the Mariners might suggest that they had the Cleveland Indians right where they want them.

Their string of Kingdom go-home games — lose and they go home — began two weeks ago, when the Mariners beat the California Angels in

a one-game playoff for the AL West championship. Then came three consecutive victories over the wild-card Yankees after they had lost the first two games of the three-of-five divisional series.

What does it mean that they have won all four games?

"It means there's hope that we have half a dozen," Lou Piniella, the Mariners' manager, said.

As he did in the first two of those go-home games — and in the fourth on a relief basis — Piniella asked Johnson to extend the team's exhilarating year. The league's best pitcher was to start against Dennis Martinez, the league's oldest.

"Everybody relishes the opportunity to be out on the mound in a big

game, as I do," Johnson said. "But I don't think anybody relishes the idea that, once again, if we lose this game, the season is over for us."

Johnson, who had the most strikeouts and the lowest earned run average in the league, pitched a three-hitter against the Angels, then beat the Yankees in the third game of their series and sent them home with three innings of relief in the fifth game.

He made his first appearance against the Indians last Friday night in the third game, departing after eight innings with a 2-2 tie that the Mariners eventually turned into a 5-2 victory.

That night, he didn't throw as many fastballs as usual, and it appeared his arm angle was lower and batters were fouling off pitches they usually would

miss. The combination raised a question about a possibly tired left arm.

"As a pitcher, you have to mix things up," Johnson said, not quite bristling at the implication that he is tired but not saying he wasn't. "Everybody knows that I'm a power pitcher, but I pitched them pretty well last time not having a really good fastball. To me, it doesn't matter how I get them out as long as I get them out."

But, he was asked, was he pitching that way because he wanted to or because he had to?

"I don't have to pitch any way," he replied, but added: "I'm not overpowering people because you can't do that at this time of year. They've seen me two or three times, they know what I've got and they speed their bats up a

little. I'm pitching by desire because that's the way I'm getting them out."

Martinez had been scheduled to start the fifth game of the series, but his shoulder was stiff after his first-game start, and the Mike Hargrove, the Cleveland manager, decided to hold him back. He lost the first game and remains the only Cleveland starter who has allowed more than one earned run in a game in the Indians' eight postseason games.

The 40-year-old right-hander gave up two to Boston in the first game of the divisional series and three to Seattle.

"It won't be easy, going to that ball park and also facing Randy Johnson out there," Martinez said. "But I think we can deal with that."

SCOREBOARD

FOOTBALL

NFL Standings

AMERICAN CONFERENCE

East

W L T Pct. PF PA

Buffalo 5 1 0 .833 126 95

Indianapolis 4 2 0 .667 128 127

Miami 4 2 0 .667 175 110

New England 1 5 0 .167 69 169

N.Y. Jets 1 6 0 .143 103 204

Central

Cleveland 3 3 0 .500 124 107

Pittsburgh 3 3 0 .500 128 140

Chicago 2 4 0 .333 136 145

Houston 2 4 0 .333 105 119

Jacksonville 2 4 0 .333 106 147

West

Kansas City 6 1 0 .857 178 121

Oakland 5 2 0 .714 183 186

Denver 4 3 0 .571 161 116

San Diego 4 3 0 .529 113 137

Seattle 2 4 0 .333 106 140

NATIONAL CONFERENCE

East

W L T Pct. PF PA

Dallas 6 0 0 1.000 202 118

Philadelphia 4 3 0 .571 144 173

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3 Sponsors Back Graf; Long Legal Fight Seen

Compiled by Our Staff From Dispatches
BONN — Steffi Graf is not in immediate danger of losing more of her lucrative sponsorship deals because of a tax scandal but legal battles around the case could go on for a decade, her lawyer said on Tuesday.

Three of the German tennis player's main sponsors said they had no plans to cut their ties with the world's top-ranked player, who lost a \$1.2 million deal with Opel on Monday.

But Graf's lawyer, Peter Danckert, said investigations could go on for many years. "The present proceedings could be completed by the end of the year," he said. "But there could be other proceedings with other parties which could take years. I could even imagine financial legal disputes going on for up to 10 years."

Graf, whose father, Peter Graf, was jailed in August to stop him from fleeing or concealing evidence that he and his daughter dodged millions of marks in taxes, lost the Opel deal because the firm had concerns about her management.

But the tennis idol, who insists she entrusted most of her financial affairs to her father and advisers from an early stage of her career, has not lost the faith of other backers.

"We advertise with her as a tennis player and nothing has changed with that," said a spokesman for the German-based sportswear firm Adidas, which has worked with Graf since 1984.

Graf, 26, earns about 2 million DM (\$1.4 million) annually from the Adidas deal.

A spokesman for Graf's racket supplier, Wilson, said: "There are no plans to split with her. In 1994 we decided to work with Steffi Graf not only as a tennis player but also as a human being."

Graf makes about 1 million DM from the deal.

Elida Gibbs, for which Graf does deodorant commercials for about 1.5 million DM a year, said it saw Graf as a victim until any guilt was proved.

Graf said in Brighton, England, where she is to begin a tournament on Wednesday, that media coverage of the scandal was a burden.

"There's no way of escaping it," she said. "I'm happy to get away. Tennis right now gives me the break of not having constantly to talk to lawyers. Tennis is what I'm living for right now, nothing else."

"The last few weeks have definitely been the worst and the unhappiest time in my life," she added. "You just can't get away from it. You sit in your car with the radio on. There's news every five minutes and you're always on it."

"You turn on the TV and it's just there constantly," Graf said. "There's no way to escape it, and there probably won't be for a long time." (Reuters/AP)



Steffi Graf, practicing Tuesday in Brighton, won the backing of a main sponsor, Adidas.

Klinsmann Sparks Bayern Victory

Compiled by Our Staff From Dispatches

Jürgen Klinsmann, the captain of Germany, scored twice to give Bayern a commanding lead against the Scottish underdogs. Bayern goalkeeper Oliver Khan made a superb save to deny Colin Cameron an equalizer minutes before Klinsmann scored his second goal in the 73rd minute.

Leeds United 3, PSV Eindhoven 5

Belgian international Luc Nilis scored twice in the last seven minutes to give PSV Eindhoven a 5-3 victory in Leeds on a night when the several away teams seized the initiative in the first leg of the second round of the UEFA Cup.

Gary Speed put Leeds ahead after 6 minutes but then Rene Elstner scored for PSV 3-1 ahead at half time.

Carlton Palmer made it 3-2 in the 48th minute with a fierce close-range drive from a cross from the left by Ghanatan Tony Yeboah, a prolific scorer for Leeds this season but guilty of a string of misses in this match.

Gary McAllister scored a brilliant equalizer from outside the box in the 72nd minute before Nilis struck twice.

Auxerre 0, Nottingham Forest 1

Nottingham Forest struck early and then repelled a wave of Auxerre attacks to score a well-crafted 1-0 away win. Steve Stone latched onto a slip by Nigerian defender Taribo West to lob over goalkeeper Fabien Collet in the 22nd minute.

Forest supporters broke a cafe window, injuring several people, before the match. Police used tear gas to disperse the fans.

Strasbourg 0, AC Milan 1

AC Milan showed little sign of weariness from their win over Juventus in the Italian league just 48 hours earlier as they beat Strasbourg in Alsace. The goal, 10 minutes from time, was started by Demetrio Albertini. George Weah backheaded the ball into the path of the bloodied Marco Simone who scored. Simone was bleeding from his nose following an off-the-ball clash with Martin Djedjic for which both players received a yellow card.

Bordeaux 2, Rotor Volgograd 1

Dutch international Richard Witschge scored a last minute penalty for Bordeaux against Rotor Volgograd of Russia,

who knocked out Manchester United in the first round. Rotor went ahead in the first half when Bordeaux goalkeeper Gaetan Huard threw the ball into his own net.

Bordeaux were missing their three current French internationalists Bixente Lizarazu, Zinedine Zidane and Christophe Dugarry.

Lyon 2, Lazio 1

Lazio of Rome were reduced to 10 men when Argentine libero Jose Chamot was sent off just before halftime for a second yellow card.

FC Barcelona 3, Vitoria Guimaraes 0

Bosnian forward Mehmed Kodro won a dubious penalty on the stroke of halftime to set Barcelona on the way to a comfortable win over Portugal's Guimaraes. Kodro's reaction swiftly after his spot kick was saved by Neno Rodrigues and volleyed in the rebound.

Barcelona showed more flair and spirit in the second half. Kodro scored his second and 19-year-old Albert Celades added the third.

Werder Bremen 5, Dynamo Minsk 0

Dynamo Minsk held out for 52 minutes before an own goal

by Shtantjuk began an avalanche of five in 25 minutes.

AFP, Reuters

UEFA CUP

Second Round, First Legs

Borussia Dortmund 2, Bayern Munich 2

Score: Jürgen Klinsmann (6th minute)

2nd: Charbonnier (4th), Lutz (5th)

Score: Lutz (5th), Charbonnier (4th)

Score: Lutz (5th), Charbonnier (4th)

Score: Lutz (5th), Charbonnier (4th)

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League Sets Plan For U.S.

Compiled by Our Staff From Dispatches

NEW YORK — The soccer Revolution is now scheduled to arrive in the United States next April.

More than a year after the U.S. played host to the World Cup, Major League Soccer unveiled a handful of new signings on Tuesday as well as its teams' uniforms, logos and names. These include the Kansas City Wiz, the San Jose Clash, the Tampa Bay Mutiny and the New England Revolution.

"We've got owners, we've got cities, we've got stadiums, we've got TV, we've got sponsors, we've got players and now we have names, uniforms and logos," said Alan Rothenberg, MLS chairman.

The fledgling league, a prerequisite for the US being awarded the World Cup, welcomed several World Cup veterans on Tuesday. These included Roy Wegerle and John Harkes, two Americans who have played in England, and Marco Etcheberry, the Bolivian star. The marquee players are being distributed equally among the 10 teams.

Rothenberg said investors had put up more than \$75 million in capital. He said he expected 10,000 to 12,000 attendance per game.

"Our investors understand there's going to be a lot of red ink for the first several years. Our expectation is for long, steady growth."

Seven of the league's 10 teams, Boston, Columbus (Ohio) Crew, Colorado Rapids, Kansas City, Los Angeles Galaxy, New York/New Jersey Metro and Washington's D.C. United, are privately financed. The other three, Dallas Burn, San Jose and Tampa Bay, will be run by the league. (NYT, AP)

Such a man cannot perform without harmony. When Sammer moves forward for Dortmund, he knows that Julio Cesar, his Brazilian club mate, will cover behind him.

With Germany, Sammer relies on Thomas Helmer, who plays the role of defensive anchor. Trust between a libero and a stopper, is a growing feature of European soccer.

Croatia plays that way. So does Russia. Italy used to, when Franco Baresi was young.

That excellence is recognized. Russia last year

chose Viktor Onopko, the free defender of Spartak Moscow, as captain and player of the year.

Sammer, is Germany's highest rated performer, ahead even of Jürgen Klinsmann who captained the national side.

Against Moldova, Sammer scored twice. Against Wales he had more shots saved than any forward. Yet in a framework which has its typically German workaholic — runners such as Steffen Freund and Dieter Eilts — it is noticeable that Sammer is not the only liberated individual.

Andreas Möller, like almost the whole German team repatriated after service abroad, remains the schemer in midfield. Thomas Hässler, the Tom Thumb scamp whose daring play seems revitalized, also appears to have a "free" role.

Hässler moves from flank to flank. He flits where instinct tells him to find space, always attacking, usually behind the front runners Klinsmann and young Heiko Herrlich.

So who dares call Vogts the Insurance Man? A blend emerges that upholds German physical strength yet allows virtuosity to breathe. It is indeed like jazz: a recognizable tune but with unfamiliar, and therefore unpredictable, notes of joy.

It makes Germany better to watch, harder to contain, and far more likely to win the major trophy Vogts needs to fulfill his mandate.

There may be two reasons for change, other than the courage of a trainer who has seen new light. One is that Lothar Matthäus, the most capped German of all-time and a most dominating personality, has been out since January after tearing a tendon.

Matthäus swears he will return. He is stepping up his training with Bayern Munich. He has his eyes defiantly on cap No. 123 and beyond.

But whereas Vogts did not previously know how to call time on Matthäus, whereas any trainer clings to the insurance of a proven leader, the rhythm has changed now.

Sammer, 28, is in the prime of performance. He and Onopko are the new men, players athletic enough, visionary enough, eager enough to run soccer inside out. Men who lurk in deep defense, the greater to surprise the enemy when their coil is sprung.

The two share one more distinction. They are of the former Eastern Europe, but of new interpretation. Onopko, born and raised in Kiev, was allowed to opt for Russia rather than the Ukraine when the old Soviet team disbanded.

Sammer drifted into his pivotal role by a more circular route. He, and Freund, were schooled under the Communist regime of old East Germany. When the Berlin Wall fell, six years ago next month, none other than Beckenbauer predicted that this would make Germany the greater force in soccer.

At the time, Kaiser Franz was team chief of the World Cup-winning West Germany. He presumed that a combined population of 80 million instead of 60 million would automatically strengthen the Fatherland. It has taken longer than anticipated. But gradually, trust by trust, Sammer by Sammer, Freund by Freund, the might grows. Do not bet a Deutsche Mark against a German triumph in 1996.

Rob Hughes is on the staff of The Times.

Germany Discovers Free Jazz

International Herald Tribune

LONDON — In the world of Walter Mitty the insurance salesman might become a jazz musician, leading a band that plays by ear. He loosens up, he liberates his performers and together they hit on the art of improvisation.

In the real world, Hans-Hubert "Berti" Vogts, carried the enormous weight of office. Every Bundestrainer, every German national team coach before him, won the European Championship, the World Cup, or both.

Poor Berti. Tenacious as a player, defensive to his core, he had 50 matches as trainer without distinction. The team reflected the man: dogged, dependable, but damned by predictability.

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